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Victories by Moro's Party Called Brigades Backlash

ROME, May 15 (UPI)—The ruling Christian Democratic Party won major gains in local elections today in a ballot viewed as a referendum on the Red Brigades, the killers of former Premier Aldo Moro.

Early returns showed the Christian Democrats winning up to 6 percent more of the vote for city hall posts and regional government seats than in 1972.

The powerful Communist Party also gained in the two-day elections, raising its share of the vote by two percentage points.

A projection by the Doxa Insti-

tute of Public Opinion based on early returns said that the Christian Democrats won 42.8 percent of the vote compared with 36.6 percent in 1972.

Doxa gave the Communists 27 percent compared with 25.3 percent in 1972. The Socialists were given 13.4 percent, one-tenth of 1 percent more than in 1972. Losers included the neo-Fascists, the Social Democrats and the Liberals.

The vote was seen as the first test of public reaction to the hardline stance adopted by both the ruling party and the Communists, in refusing to negotiate with the Red Brigade terrorists who killed Mr.

Moro, whose body was found last Tuesday.

Another Shooting

As the votes were being tabulated, the Red Brigades claimed another victim, severely wounding the labor relations chief of an industrial firm in Bologna. Police said that three men and a woman shot Antonio Mazzotti, 48, of the Menarini truck-building firm in the chest and legs as he arrived at his office. Doctors said that he was in critical condition.

Shortly after the attack, a telephone caller told the Italian news agency official at Bologna: "This is the Red Brigades. Dr. Mazzotti of Menarini, the servant of the state, has been killed."

Police said that the gunmen escaped in a car, abandoned it near the shooting and continued fleeing on two motorcycles.

The Mazzotti shooting occurred in the aftermath of the Red Brigades claim that it was they who shot a Milan official of Mr. Moro's ruling Christian Democratic Party in the legs Friday, and leftist terrorists wounded an official of the giant Montedison chemical company in Milan on Wednesday and an Italian official of the U.S. Chemical Bank in Milan on Tuesday.

Rome Office Bombed

A few hours before the polls reopened this morning, Rome police said that leftist terrorists hurled a bomb into the offices of a security-guard company in central Rome, causing light property damage but no injuries.

Although authorities reported no terrorist attempts to obstruct the voting, as had been feared, officials in Moschiano said that thieves had stolen the ballots. New ballots were printed hastily and the voting went as scheduled.

Authorities said that between 77.5 percent and 81.6 percent of those eligible voted in the provincial council races yesterday, slightly fewer than on the first day of the last provincial election. Between 65.1 percent and 85.6 percent of those eligible voted in the larger municipal races, they said.

Armed Units Hidden

Armed units were hidden in Tehran's government buildings and similar precautions were believed taken in Qom, Tabriz, Mashad and smaller towns in southern Iran.

Last week, Shah Mohammad Reza Pahlavi took command of the troops who entered Tehran's Grand Bazaar and clashed with rioting Muslims.

European and U.S. firms said that they feared that the opposition would attempt to enforce a general strike outside the orthodox Moslem area around the Bazaar.

An Iranian newspaper warned the government last week not to confuse its known enemies with people who had genuine demands or those who wanted to see progress "with their own two eyes."



Mideast Jet Package Weighed by Senate

WASHINGTON, May 15 (UPI)—A sharply divided Senate, forced by President Carter to take a stand, moved today toward a decision on the proposed package sale of super-sound warplanes to Saudi Arabia, Egypt and Israel.

Senate Majority Leader Robert Byrd and Minority Leader Howard Baker said they expected the Senate to go along with the administration's \$4.8-billion sale. The senators scheduled up to 10 hours of debate — including a secret session on the proposed sale's impact on the Middle East arms balance — before voting.

The resolution before the Senate would disapprove the sale of 60 F-15s to Saudi Arabia, 50 F-15Es to Egypt, 15 F-15s and 75 F-16s to Israel. If the Senate rejects disapproval, the administration will be free to go ahead with the sale. But if the Senate adopts the resolution,

the issue will go to the House of Representatives for a vote.

Sen. Abraham Ribicoff, D-Conn., indicated before the secret session that he would split with other pro-Israeli legislators and back the sale because of the support it would give the two moderate Arab states.

Congress can veto a major arms sale if both houses adopt a concurrent resolution of disapproval within 30 days of official notification, which came April 28.

Baker Opens Debate

Sen. Baker opened the debate by expressing concern over Israel's security and the effect of a massive infusion of arms into the Middle East.

"I have been deeply troubled at the way in which the President has linked them together as a 'package' and at the implications of the fu-

(Continued on Page 2, Col. 6)

Soviet-Cuban Force Seen as Big Threat

Saudis Grow Critical of U.S. African Policy

By David B. Ottaway

RIYADH (WP)—Saudi Arabia, the most important U.S. ally in the Red Sea region and increasingly throughout Africa, is becoming one of the sharpest overseas critics of what it regards as the Carter administration's policy of courting favor with black Africa by refusing to meet head-on the growing Soviet-Cuban challenge.

As the Saudis see it, the Soviet Union has now established its clear intention of intervening wherever possible in Africa and the surrounding region. This, they make clear in their soft-spoken way, is a direct threat to the Saudi kingdom that cannot be dealt with merely by verbal protests from Washington.

"It has been shown that this thing grows," Prince Saud al-Faisal, said recently, referring to Soviet and Cuban intervention in various African countries. "When Angola came, it was said to be a unique situation but it repeated itself in Zaire and in Ethiopia. So it does spread."

The recent coup in Afghanistan, resulting in the establishment of a Communist-dominated government there, has only served to confirm the Saudi fears about Soviet intentions. With thousands of Cuban troops just across the Red Sea in Ethiopia and a strong Soviet-Cuban presence in Southern Yemen,

there is a growing sense of encirclement here.

All this helps to explain why the Saudis are pressing the Carter administration to adopt a more aggressive posture in Africa, including an increase in military assistance to moderate Arab and black African states, and even hinting at the need for a direct U.S. intervention to counter the expanding Soviet-Cuban military force. At this point, it appears that Saudi Arabia distributes more aid in black Africa than the United States.

The real issue, according to Prince Saud, is not the Carter administration's policy of nonintervention, but whether the Soviet policy of repeated involvement in the internal affairs of African countries, and even intra-African crises, will go on unchallenged.

Limited Defense
Saudi Arabia is rich in oil and dollars and the situation "is not a financial problem," remarked Prince Saud, who describes his kingdom as a "small country" with limited means of defense. Something more than verbal protest from the United States has become "a necessity," he added.

The Saudis are stepping up their financial assistance to pro-West African states threatened by the escalating Soviet-Cuban presence. It is not known by outsiders how exactly how much of the estimated

\$6.6 billion Saudi Arabia distributed in aid last year was earmarked for African countries. It is likely, however, that the amount easily surpassed the \$350 million given by the United States, making the Saudis an important asset in U.S. efforts to stem the Soviet-Cuban tide on the continent.

There is a notable irony in the new Saudi activist role in Africa and Saudi complaints about U.S. passivity toward the Soviet-Cuban challenge. Only a few years ago, the Nixon-Ford administration was pushing a somewhat lethargic Saudi government to do more to help the West contain the spread of Communist influence on the Arabian Peninsula. Now, it is the Saudis who are pressing the Carter administration on the same point in both Africa and the Red Sea region.

With the United States increasingly dependent on Saudi oil and backing for the besieged dollar, Washington can no longer afford to ignore the pressure from Riyadh. It has placed the Carter administration in the difficult position of having to reconcile the demands of its new black African allies with those of its most important Arab oil partners.

Cold War Theater

While these Arab states tend to view Africa mainly as a new cold war theater and the soft underbelly to their own exposed lands, much

West Ponders Aid Rebels Claim to Seize Two Key Zaire Towns

By Joseph Fitchett

PARIS, May 15 (IHT)—Congo rebels claimed to have seized two important towns in Zaire's southern Shaba Province today while Western governments studied whether to give military assistance — for the second time in 14 months — to President Mobutu Sese Seko's government.

Amid conflicting claims about the fighting, Zaire diplomats here confirmed the temporary loss of a key copper-mining town, Kolwezi, and a railroad, Mutshatsha, about 100 miles inside the former Katanga Province from the Zambian border.

Diplomatic sources said that the military threat to Zaire looked probably more dangerous than it was during the Shaba invasion last year when Katangese rebels were repulsed, short of Kolwezi, in the 80-day war by Moroccan troops airlifted aboard French military transports.

Shaba province is defended by the Zaire Army's 8,500-man Kanavola Brigade, which had regained most of Kolwezi late today, the government said.

Fate Unclear

The fate was unclear of several thousand expatriates in Katanga — mostly Belgians, but also Frenchmen and about 100 Americans, mainly construction workers employed by Knut-Morrison.

Reports the Cuban advisors were leading or training the rebel force aroused sharp concern among Western diplomats. The official Zaire news agency said that Cubans were heading an invasion force of 4,000 men, mainly ex-Katanga gendarmes, who had infiltrated from Angola through Zambia on Friday.

If the Cuban role in Zaire is confirmed, it will put heavy pressure on the Carter administration to come to Zaire's aid more substan-

tially than it did last year when it gave only marginal assistance, mainly communications gear, leaving the main effort to Morocco and France. However, the United States has become more concerned about Cuban activity in Africa.

Responsibility Claimed

Cuban involvement was denied here by the outlawed Congo National Liberation Front, which claimed responsibility for the attack.

President Mobutu, appealing for help from the United States,

France, Morocco and Belgium, said that his government was the target of subversion backed by Angola, the Soviet Union, Cuba and Algeria.

Although the invasion in the same area last year at this time crumbled before the 3,000-man Moroccan expeditionary force, the new attack could prove more serious, especially if Angola has been arming and training the rebels, as seems likely, diplomats said. The loss of copper-rich Shaba Province would probably deliver a

(Continued on Page 2, Col. 3)

On Covert Operation

Colby Admits CIA Lied on Angola War

WASHINGTON, May 15 (WP)—Former CIA director William Colby conceded yesterday that charges by a former agency official that the CIA ran a "covert war" in Angola and then lied to keep it secret are generally correct.

"I wouldn't say he made up any of this," Mr. Colby said of the charges by John Stockwell, a 12-year CIA veteran. However, Mr. Colby added, "I think he may characterize things differently. And there are two ways of characterizing the same event . . . many times."

Mr. Colby also denied "that I misled Congress when I described the basic thrust of our program in Angola," as Mr. Stockwell had also charged. In fact, Mr. Colby indicated in another point in the program, he was fired by former President Gerald Ford because, "I was too responsive to Congress."

Mr. Stockwell's assertions and Mr. Colby's response were made on the CBS television program "60 Minutes." The two were interviewed separately. Mr. Colby twice, Mr. Stockwell's comments and some of Mr. Colby's from his first interview were broadcast last week. The remainder of the first Colby interview plus the second, in which he responded directly to Mr. Stockwell, were broadcast last night.

Both Wrote Books

Both men have written books about their experiences at the CIA.

Rite Only for Officials

Japan Cancels Ceremony, Will Use Airport Sunday

TOKYO, May 15 (UPI)—Japanese authorities today canceled the Saturday dedication ceremony for the strife-ridden international airport at Narita but said that they would go ahead with plans to begin using the facility Sunday.

The airport's 13,000-member police guard, meanwhile, made new plans for defending the \$2.6-billion facility after extremists using a new type of firebomb disabled one of its radio relay stations Saturday.

The decision was announced by Shigeru Otsuka, president of the public corporation that will manage the airport for the government. Corporation officials said that an airport "purification" ceremony will be performed Saturday by Shinto priests, with corporation and airline officials attending.

There was no explanation for the decision but it was believed to be linked to threats of sabotage by the extremists, who have blocked the opening of the airport, 41 miles northeast of Tokyo, for seven years.

Second Cancellation

It was the second cancellation of a dedication ceremony for the airport, opposed by farmers whose lands were requisitioned for the project, environmentalists who complain about noise and leftists who oppose the government.

The dedication first was scheduled for March 30, but on March 26 extremists slipped into the control tower and wrecked \$500,000 worth of radar and computer equipment before being arrested.

The radicals who attacked the relay station Saturday pelted it with 20 firebombs and chopped down 20 of its 54 antennas. They escaped despite 13,000 police in the area.

Impact Bombs

Police said the firebombs were beer bottles filled with a mixture of gasoline and chemicals that exploded on impact. The radicals had been using firebombs with wicks



William Colby

Mr. Stockwell, who was once chief of the CIA's task force in Angola, had charged that "blundering stupidity" paved the way for Soviet and Cuban intervention in the Angolan civil war.

He also accused the president of Zaire, Mobutu Sese Seko, of stealing \$1.4 million intended for U.S. allies in Angola. Mr. Stockwell detailed CIA plots to plant call girls with Communist officials in order to gain information.

He said that he left the agency after becoming disillusioned with

(Continued on Page 2, Col. 8)

General Strike Threatened

Army Moves Into Tehran As Police Storm Campus

TEHRAN, May 15 (UPI)—Police stormed Tehran University today and beat about 200 students demanding an end to military guards at the campus. At the same time, army tanks moved into Tehran in answer to dissident calls for a general strike.

Trucksloads of police streamed into the university before the students could see the dean to press demands for an end to the guards and for greater student representation on campus.

Police backed by armed soldiers pushed the students toward the entrance and once outside, beat about 200 of them with truncheons. In the Grand Bazaar area, scene of clashes between police and dissidents last week, troops took positions during a local strike that closed everything but a few sandwich and ice cream shops.

Scores of residents gathered in

the streets and shouted slogans protesting the military's presence.

More Than 40 Killed

More than 40 persons have been killed and at least 100 injured in clashes between security forces and demonstrators in 25 cities since January. The disturbances have caused millions of dollars of damage.

The unrest began with religious protests, but the dissidents have broadened their grievances, speaking against housing shortages and a recent increase in gasoline prices.

Parts of the capital were closed after demonstrators warned Tehran's million motorists that their cars would be burned if found on the streets of the capital.

But the government, which has threatened a crackdown on any strikers, moved in tanks today while armored personnel carriers patrolled streets and sharpshooters took positions atop the vehicles.

Peru Announces

Austerity Plan

LIMA, May 15 (Reuters)—The Peruvian government today announced a stiff package of economic measures, including a 67 percent increase in the price of gasoline, to cope with a fiscal crisis.

At the same time, university and college classes were suspended because of fears of a repetition of the rioting that occurred last July after austerity measures were announced.

The new measures, the second part of a long-awaited economic austerity program, include the elimination of remaining subsidies on staple items such as gasoline, dairy products, bread and cooking oils.

Indian Inquiry Condemns Mrs. Gandhi's Emergency

NEW DELHI, May 15 (AP)—The long-awaited report of a government inquiry said today that former Prime Minister Indira Gandhi's regime declared an emergency in 1975 and arrested a number of opposition leaders merely so that she could remain in power.

The report, released in Parliament by Prime Minister Morarji Desai, said there was no evidence of an internal threat to India's security as Mrs. Gandhi had claimed to justify the imposition of authoritarian measures.

Thousands were detained during the 19-month emergency and a series of "totally illegal and unwarranted" actions followed involving untold human misery and suffering, concluded the commission of inquiry, headed by the retired chief justice, J.C. Shah, which heard scores of witnesses since hearings began in September.

Mrs. Gandhi, 60, "misused her position, abused her authority, and subverted well-established administrative procedures and lawful processes," it said.

In a vaguely worded note at the end of the report, the government said it would initiate "appropriate legal action" after careful examination of each individual case. The report contains numerous allegations against Mrs. Gandhi, her son, Sanjay, and officials close to her.

A Communist member of Parliament has already proposed a motion that would bar Mrs. Gandhi from holding public office again if she is found guilty of misuse of power.

Aside from finding the declaration of emergency "wrongful, illegal and unauthorized," the Shah Commission said that Mrs. Gandhi was responsible for directing the ar-

Sri Lanka Flood Toll 10

COLOMBO, Sri Lanka, May 15 (Reuters)—About 10 persons have died in earth slides and floods and several thousands have been made homeless after heavy rain in Sri Lanka in the last few days, official sources said today.

Judge Restricts Defense As Trial of Orlov Opens

David K. Shieler

MOSCOW, May 15 (NYT)—A Soviet judge refused today to allow dissident Yuri Orlov to call any defense witnesses during his trial, which opened in a small courthouse sealed by a heavy police guard.

The 53-year-old physicist faces a maximum of seven years in prison and five years of exile in Siberia for organizing a group to publicize the Soviet government's violations of its human rights pledges under the Helsinki accords.

Aside from a handpicked crowd, nobody was allowed to enter the courthouse except Mr. Orlov's wife and two sons; policemen blocked a U.S. diplomat, about 20 U.S. and West European newsmen and 50 of Mr. Orlov's friends and supporters, including Andrei Sakharov, who received the Nobel Peace Prize in 1975 for his human rights struggle.

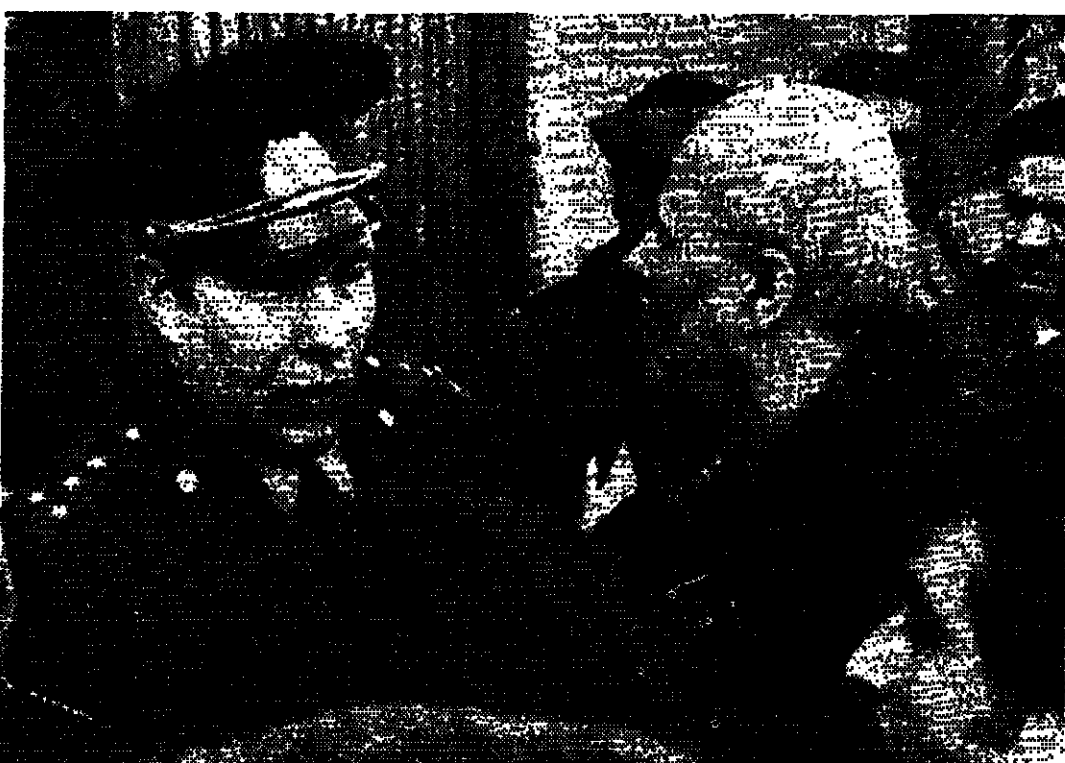
According to the defendant's family, Mr. Orlov, charged with "anti-Soviet agitation," made a

courteous and well-reasoned defense of his activities, arguing that he had a right to criticize the government and, under the free-information provisions of the Helsinki agreement, to circulate that criticism. He had done so, he said, not to undermine the Soviet state, but out of humanitarian concerns.

Two other dissidents, Zviad Gamsakhurdia and Merab Kostava, also went on trial today in Tbilisi, the capital of Soviet Georgia, for their activities in a Helsinki "watch committee" there. And a fourth activist, Alexander Podrabinek, who heads a group exposing Soviet abuses of psychiatry, was arrested last night in Moscow, friends said.

Until Mr. Orlov's arrest 15 months ago, he was a focal point for a growing coalition of varied forms of dissent, and those who turned out today to stand in front

(Continued on Page 2, Col. 7)



Andrei Sakharov (right center) outside the Moscow court yesterday.

As Polisario Continues Fight

War in Western Sahara: Sand, Death and Little Else

By David Lamb

NOUAKCHOTT, Mauritania—Two years after it began in earnest, the war in the Western Sahara drags on, with mounting military casualties, diminishing civilian support and no victory in sight for either side.

Men fight over empty tracts of desert, cousins turn against cousins, enemies become friends and allies become enemies, and no one is sure what the winner will get, if anything.

"Frankly, a Western intelligence analyst said, 'I don't think there is a military solution to this war. No one's really winning it and no one's really losing it. Even in the end, I don't think there will be a winner.'"

The area at stake, the Western Sahara — the former Spanish colony of Spanish Sahara — is a phosphate-rich but otherwise forsaken expanse of desert the size of Colorado. It is bordered by the three nations involved in the war: Mauritania, Morocco and Algeria. Among its 50,000 or so people there is not a single doctor, engineer or university graduate — only nomads.

UN Sanctioned

Spain pulled out of what had been its colony in 1976, giving the northern two-thirds, where the minerals are, to Morocco. The poorer third went to Mauritania. This partition, sanctioned by the United Nations, granted the two nations administrative control but not sovereignty. The problem of "self-determination" was left for later.

Seeking independence of the Western Sahara from both Mauritania and Morocco is a 10,000-man guerrilla army known as the Polisario. It is a mobile, well-organized and militarily able force, supported by Algeria, but about half of its members are Mauritians, so its motives may well go beyond liberation of the Sahara.

Against the Polisario stands the army of Mauritania, which has grown from 900 to 18,000 men in the last seven years. Mauritania's war costs are partially underwritten by Saudi Arabia. Also supporting the Mauritania government with 10,000 additional troops is an uneasy ally, Morocco. Until 1969, Morocco claimed not only the Sahara but Mauritania, too.

The Polisario, operating from Tindouf in southwest Algeria, is concentrating its attacks against Mauritania, the weaker sister in the Mauritania-Morocco alliance, hoping to cripple Mauritania economically and scare away the 700

French expatriates who keep the country's iron mines running.

Armed with Soviet-made machine guns, SAM-7 antiaircraft missiles and plastic explosives, the Polisario has succeeded in making the 400-mile train journey from the mines at Zouerate to the port at Nouadhibou so hazardous that Mauritania locomotive engineers struck for five days recently demanding better security. One export to Europe have remained steady, but disruption of the rail line has forced Mauritania to rely increasingly on its stockpiles.

The well-trained but ponderously equipped Moroccan forces have taken up garrison duty along the rail line and around Zouerate. Twice last year, in May and July, the Polisario attacked Zouerate. In the May attack they killed a French doctor and his wife, kidnapped six French nationals (who were re-

leased in December) and caused 200 Frenchmen to give up their jobs at the mines.

French pilots flying Jaguar jets based in Dakar attacked Polisario forces three times last December and again last week, when they caught a Polisario column of 50 vehicles heading across the Sahara for Zouerate. Dozens of guerrillas were reported killed.

French pilots fly frequent reconnaissance missions in the area, and France has about 100 military advisers and technicians here. French officials have left no doubt that if French nationals are threatened, they will go to the aid of Mauritania, a former colony.

'No Negotiation'

"This is a conflict created and carried out by Algeria," the acting foreign minister of Mauritania, Ahmed Ould Sidi Baba, said in an

interview. "The moment the aggression ends, there will be no more problem. But when we talk about reunification, there can be no negotiation. There is no possible element to negotiate. Would the United States negotiate if some bigger power tried to get Illinois to become an independent country?"

Mauritania bases its claim to the contested portion of the Sahara largely on the fact that the people there are of the same Berber extraction as the Mauritians. From independence in 1960 to 1974, no one contested Mauritania's claim.

In November 1975 President Moktar Ould Daddah of Mauritania met in Bechar, Algeria, to discuss the Sahara question with Algerian President Houari Boumedienne. According to both Mauritania and informed impartial sources, President Boumedienne told President Daddah that he

would have to choose between Algeria and Morocco.

"I choose Mauritania," President Daddah replied.

Then, "Boumedienne is reported to have said, 'I will put an end to Mauritania. It will disappear from the world.'"

Access to Atlantic

The vendetta that followed partly explains Algeria's support for the Polisario. Algeria also is interested in keeping King Hassan of Morocco in check, and in gaining access to the Atlantic Ocean, which the Sahara offers. For his part, King Hassan, one of the most pro-Western of the Arab leaders, is suspicious of what he considers Algeria's expansionist intentions and of Communist influence in Africa. He wants to unite the Saharans with the Moroccans, to whom they are also ethnically similar, and he is interested in protecting the Sahara's phosphate reserves.

The Polisario was formed in 1972 after demonstrations by women and young people against the Spanish presence in the Sahara. There were 25,000 Spanish there then. The Polisario was backed initially by Libya and, ironically, by Mauritania. The war sputtered along for four years before becoming a major conflict in 1976, when the partition began.

Mauritania had hoped that the departure of the Spanish would lead to a merger of the Berber people, but it did not count on the fierce opposition from Algeria, which had long competed with Morocco for leadership in North Africa. After proclaiming a Democratic Saharan Arab Republic, the Polisario tried to penetrate the Moroccan sector of the region. Then, last year, it changed strategy and started concentrating on Mauritania.

Half a dozen African countries recognized Saharan republic but in general Africa has chosen to ignore the war, apparently hoping it will go away. Two meetings of the Organization of African Unity scheduled to discuss the Sahara question have been canceled, one of them with only seven of 49 heads of state said they would attend.

Low-Key Attitude

The United States, the Soviet Union and Cuba have maintained a cautious, low-key attitude toward the conflict. Washington has questioned Morocco's use of three U.S.-supplied F-5 fighters based at Nouadhibou in Mauritania because King Hassan's government agreed to use such weapons only for defensive purposes. Morocco replied that since the northern section of the Sahara is part of Morocco it is only protecting its territorial integrity.

Last year 500 Mauritians were killed in the war, twice the toll of 1976, informed sources said. But the war actually touched few people, and there is no great enthusiasm for it in Nouakchott, the capital.

There is no sense of tension in Nouakchott, no preoccupation with doing over the Mauritians' continued existence. Businessmen pay a 2 per cent war tax on their receipts, and all salaried workers must contribute two to three days' wages each month to a defense fund. Otherwise, most of the 1.4 million people of this nomadic, Islamic country are largely unaffected.

In the end, no one really controls the Western Sahara except whoever happens to be there at the moment with a gun. And the guns are louder than any talk about continental unity or peace. President Daddah said not long ago, "What you could build alliances on, but ideologies, but I was wrong. 'Alliances are built on power.'"

© Los Angeles Times

Patricia Hearst Heads for Jail, U.S. Aide Says

SAN FRANCISCO, May 15 (AP)—Convicted bank robber Patricia Hearst, who lost appeals to the highest U.S. court, is returning to prison today to serve the remainder of a seven-year sentence, according to U.S. Attorney William Hunter.

Mr. Hunter said that the newspaper's report that the Federal Correctional Institution at Pleasanton, 30 miles east of San Francisco, under terms of an agreement between U.S. District Court Judge William Orrick Jr. and her attorneys.

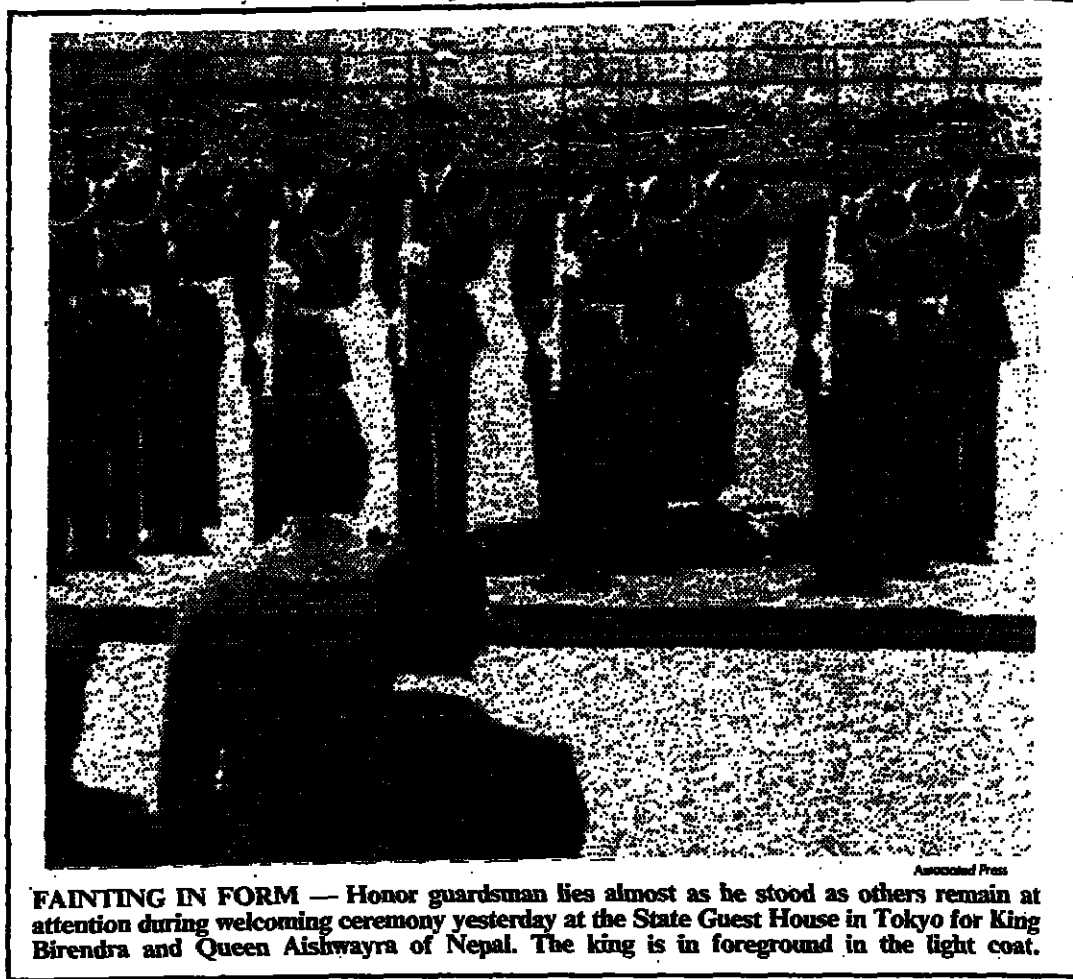
She has been free on \$1-million bail while her attorneys appealed her 1974 conviction of joining her terrorist kidnappers, the Symbionese Liberation Army, in an armed San Francisco bank robbery.

Miss Hearst, 24, has served 14 months of the sentence, part of it at the minimum-security Pleasanton facility. She must serve another 14 months before becoming eligible for parole.

"Saudi Arabia should not be dismissed simply because it is an Arab country. The threat it faces from the Soviets and radical Arab countries is real. This demands innovation and nuance in our foreign policy. It forces us to take a fresh look," he said.

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BAR - RESTAURANT - ROOMS



FAINTING IN FORM — Honor guardsman lies almost as he stood as others remain at attention during welcoming ceremony yesterday at the State Guest House in Tokyo for King Birendra and Queen Aishwarya of Nepal. The king is in foreground in the light coat.

For First Time Since Independence

Lebanese Cabinet Is Returned to Office

BEIRUT, May 15—For the first time since independence in 1943, the outgoing Lebanese Cabinet returned to power today in a last-ditch attempt to end a government crisis.

During a special Cabinet session at the Beiruti presidential palace, Premier Selim al-Hosni withdrew the resignation of his government — submitted April 19 — and President Elias Sarkis approved the withdrawal.

Mr. Hosni and his eight-man Cabinet of technocrats resigned amid a furor over the government's handling of security following clashes last month between Syrian troops of the Arab League peacekeeping force and Christian rightist militias.

At the time, the Premier said that politicians representing the various factions and sects in the country should be given a hand in government.

Fire Brigades

The Beirut English-language daily Ika said that "it was hoped that arsonists would be turned into fire brigades" by participating in the new Cabinet.

A further hopeful note occurred April 23 when a parliamentary committee of traditional politicians unanimously approved a platform for the next government that included a call for curbs on armed Lebanese and Palestinian groups.

However, when it came to negotiations over who would get what post on the next governing team, the politicians were unable to translate their agreement in principle into practical action.

The decision to salvage the outgoing Hoss government clearly was a last resort of the political impasse.

Neither rightists nor leftists were enthusiastic about resurrecting the old Cabinet. Rightist former President Camille Chamoun, typified the attitude of many politicians by commenting, "It will not be a disaster."

Meanwhile, United Nations peacekeeping forces that surrounded about 80 Palestinian guerrilla infiltrators in areas relinquished by

Israel in southern Lebanon, won their first major victory today as the Palestinians were forced to pull out.

UN sources said that French, Senegalese and Swedish UN troops had ringed the area where the guerrillas were first seen Saturday 12 kilometers east of Tyre and insisted that the Palestinians withdraw.

The sources said that the Palestinians had adamantly refused to go, but finally pulled out following negotiations that had been going on since Saturday. They added that no shots were fired.

Judge Restricts Defense.

As Trial of Orlov Opens

(Continued from Page 1)

of the two-story courthouse in southeastern Moscow reflected a broad spectrum of disaffected segments of Soviet society.

Barred From Entering

The satirical novelist, Vladimir Voinovich, was there. Sergei Polakoff, a leading nuclear physicist and corresponding member of the Academy of Sciences, stood in the wind trying to argue his way into the building. The Rev. Gleb Yakunin, a dissident Russian Orthodox priest, was outside as well along with Vladimir Slepak, a prominent Jewish activist who has been seeking emigration for eight years.

There were those who wanted to change the system, those who wanted to get out of it and those who wanted just to comment on it freely, and when Mr. Orlov's wife, Irina, walked into the yard in front of the courthouse, the supporters surrounded her and kissed her and wished her well. She could not help smiling — to keep from crying, she said — and when she emerged during the lunch break she was ecstatic at having seen her husband for the first time in 15 months.

"He looked good," she said. "He's lost weight, but he's cheerful, smiling."

Although Soviet law provides for open trials, the authorities went to some lengths to prevent detailed accounts of the court's proceedings. Mrs. Orlov said that she was told not to take notes or she would be expelled. Mr. Orlov's two sons from a previous marriage, Dmitri, 25, and Alexander, 23, smuggled tape recorders in under their shirts, but they were searched thoroughly and pushed to their knees on the way out. The recorders were confiscated. Mrs. Orlov said that she was also searched, although perfunctorily.

Not Under Stalin

Those trying to enter were told by policemen that the hall was small and already full. When a U.S. correspondent mentioned to a plainclothesman that even under Stalin, foreigners were allowed into such trials, the officer gestured contemptuously at the crowd of dissidents and newsmen and said, "Under Stalin we didn't have this."

Of the Western signatories to the Helsinki accord, which deals with a range of European security issues including military detente, trade, and cultural exchange as well as human rights, only the United States tried to send an observer to the trial. Richard Combs of the

House Vote Sets

Humphrey Post

WASHINGTON, May 15 (UPI)—The House of Representatives today reversed itself and voted 222 to 152 to establish a fellowship honoring the late Sen. Hubert Humphrey.

On May 1, the House voted 219 to 137 for the bill, but that was 18 votes short of the two-thirds majority necessary under the short-cut procedures originally used to call up the bill. Today's vote was taken under normal House procedures, requiring only a majority vote.

Opposition to the bill came mainly from Republicans who said enough had been done to commemorate the former Minnesota senator.

The bill sets up a fellowship in social and political thought at the Woodrow Wilson International Center for Scholars at the Smithsonian Institution. A \$1-million trust fund is established to fund the program.

lometers east of Tyre and insisted that the Palestinians withdraw.

The sources said that the Palestinians had adamantly refused to go, but finally pulled out following negotiations that had been going on since Saturday. They added that no shots were fired.

Judge Restricts Defense.

As Trial of Orlov Opens

(Continued from Page 1)

of the two-story courthouse in southeastern Moscow reflected a broad spectrum of disaffected segments of Soviet society.

Barred From Entering

The satirical novelist, Vladimir Voinovich, was there. Sergei Polakoff, a leading nuclear physicist and corresponding member of the Academy of Sciences, stood in the wind trying to argue his way into the building. The Rev. Gleb Yakunin, a dissident Russian Orthodox priest, was outside as well along with Vladimir Slepak, a prominent Jewish activist who has been seeking emigration for eight years.

There were those who wanted to change the system, those who wanted to get out of it and those who wanted just to comment on it freely, and when Mr. Orlov's wife, Irina, walked into the yard in front of the courthouse, the supporters surrounded her and kissed her and wished her well. She could not help smiling — to keep from crying, she said — and when she emerged during the lunch break she was ecstatic at having seen her husband for the first time in 15 months.

"He looked good," she said. "He's lost weight, but he's cheerful, smiling."

Although Soviet law provides for open trials, the authorities went to some lengths to prevent detailed accounts of the court's proceedings. Mrs. Orlov said that she was told not to take notes or she would be expelled. Mr. Orlov's two sons from a previous marriage, Dmitri, 25, and Alexander, 23, smuggled tape recorders in under their shirts, but they were searched thoroughly and pushed to their knees on the way out. The recorders were confiscated. Mrs. Orlov said that she was also searched, although perfunctorily.

The variable in the sentence, which could be light or stiff.

Colby Says

CIA Lied

(Continued from Page 1)

its tactics. He added that he felt freed from his oath of secrecy because the CIA did not act the way he was told it would when he joined.

"Well, that's a great rationalization," Mr. Colby said, "because I'm sure . . . that he knew roughly what kind of organization he was joining, and if he says that suddenly it doesn't turn out to be the Boy Scouts, I think he was asking a little much. And he's not relieved of that obligation" to secrecy.

Mr. Colby said he would favor a "law which punished ex-employees or employees for revealing real secrets."

Very Limited Law

He said that he would want only a "very limited law which only applied to CIA employees who undertake the obligation to keep the secret." He also said that he would require that an "impartial judge" review the material "to make sure it's a real secret and not a cover-up of some wrongdoing."

Mr. Colby contended that the "climate of sensation, hysteria" generated by books such as those of Mr. Stockwell and Frank Snepp, another CIA ex-agent whose book criticized the agency's role in the fall of Saigon, "has convinced a lot of people around the world that we can't keep secrets."

"I believe that you can't run an army if every lieutenant decides which order to follow," Mr. Colby said. "You can't run an intelligence service if every junior officer decides which secret to keep."

Mr. Colby was appointed director of the agency in 1973 by former President Richard Nixon and was succeeded by President Ford's appointee, George Bush, in 1976. Mr. Colby now practices law in Washington.

The more you know about Scotch, the more you like Ballantine's.



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Israel Plans to Increase Area Of a Settlement on West Bank

TEL AVIV, May 15 (UPI)—Israel plans to expand the area of a Jewish settlement on the occupied West Bank of the Jordan River, in line with a decision made by the government of Prime Minister Menachem Begin in November, a government official said today.

The official, an aide to Agriculture Minister Ariel Sharon, said a television report yesterday that plans were under way to build a city in the area, 22 miles south of Jerusalem on the road to Hebron.

Mr. Sharon's government, under intense criticism from the United States because of a decision to build Jewish settlements in the West Bank and in the Sinai, has frozen all new settlement activity in those areas.

"The government has decided that there will be no new settlements, and this will not be a new settlement, and we're not intending to build a city," the official said.

What will be built, he said, will be a shopping center-like area to serve the half dozen kibbutzim (communal settlements) near Hebron, known collectively as the Gush Etzion bloc. About 200 families live there.

The land on which the urban center will be built was purchased before Mr. Begin's government took office last June, Mr. Sharon's aide said. The government approved the project Nov. 9, he said — 10 days before Egyptian President Anwar Sadat launched his peace initiative in Jerusalem.

10. The voices of children.

(Another good reason to call home.)

An international call is the next best thing to being there.

Pakistan Allows Climbs

KARACHI, May 15 (Reuters)—Pakistan has given permission to 48 teams, about half of them from Japan, to climb in the Himalayas this summer, the Associated Press of Pakistan reported yesterday.



As 1980 U.S. Count Nears

Ethnic Census Queries Assailed

By Robert Reinhold

WASHINGTON (NYT)—Plans for the 1980 census are meeting growing opposition from population experts, who charge that the Census Bureau has succumbed to pressure from ethnic groups and has cluttered the questionnaire with items designed mainly to enhance the political power of minority leaders.

Under current plans, all 73 million households in the United States will receive a form asking that all members be listed under one of 14 "races," among them Samoan, Eskimo and Aleut, in addition to white and black.

A question will be devoted to those of Hispanic origin, even though it would apply to only about 5 percent of the population.

There is no place, except in a special long form that will go to one in five households, for those who wish to identify themselves as members of the larger ethnic groups, such as Polish, Irish or Italian.

"It's pretty appalling," said Prof.

Charles Westoff, a demographer at Princeton University. "At the rate we're going by 1990 everybody in the United States will be asked if they are Apache, Inguois or Pas-samaquaddy Indians."

Questions Defended

Census officials defend the ethnic questions, saying they are a response to new legislation and to the legitimate interests of disadvantaged minority groups seeking a better count of their numbers. "We are addressing legislative intent and the needs of government," said Meyer Zitter, chief of the Census Bureau's Population Division.

Minority leaders make no apologies for exerting influence. Asked about the demographers' charge that groups like hers were seeking political power and money, Vilma Martinez, head of the Mexican American Legal Defense and Educational Fund and chairman of a special census advisory committee on Spanish population, said: "We are trying to get our just share of political influence and federal

funds. There's nothing sinister about it."

The Census Bureau is gearing up for the most costly and complex head count in history, scheduled to begin on April 1, 1980. It is expected to cost about \$875 million, four times that of 1970. The bulk of the new money is meant to improve reliability and extend "coverage." A census is taken every 10 years, and in 1970, it is officially estimated, about 2 million blacks, or about 1 in 13, were overlooked.

Troubling Questions

There are three questions on the 1980 form, tested last month in Richmond, Va., that trouble experts like Conrad Taeuber, a demographer who directed the 1970 count.

The first, labeled "Race," lists not only racial groups such as "white" and "black or Negro," but also nationalities and cultural groups. "We have enough trouble educating people about what race means without this," said Jean Ridley, head of the population statistics committee of the Population Association of America.

Mr. Zitter, of the Census Bureau, said there was a "good possibility" that this question would be altered to omit the term "race." But he defended the inclusion of small groups like the Samoans and Aleuts, saying that many were missed in the past when they had to write in their identities.

The second is the Spanish question, which reads: "Is this person's origin or descent Mexican-American, Mexican or Chicano, Puerto Rican, Cuban, other Spanish, or Spanish?" The critics contend that this question was meant to inflate the Spanish count artificially by encouraging essentially well-assimilated people to include themselves in the Spanish category.

'Common Realities'

Mr. Zitter said that such breakdowns were needed to help enforce voting rights, bilingual education and other legislation.

And although she conceded that Spanish was not a single ethnic group, Miss Martinez said that Spanish people mostly shared the "common realities" of poverty, poor education, unemployment and political weakness.

Prof. Abraham Jaffe of Columbia University, a specialist in Spanish-American demography, said that the new question would make it impossible to learn anything about such substantial groups as Dominicans in New York or the "Hispanos" in New Mexico, who would all be lumped under "other Spanish."

The third question on ancestry will appear on only the longer form that will go to one household in five. It asks about each member: "What is this person's ancestry?" It is "open ended," according to census officials, meaning each person can decide own origins.

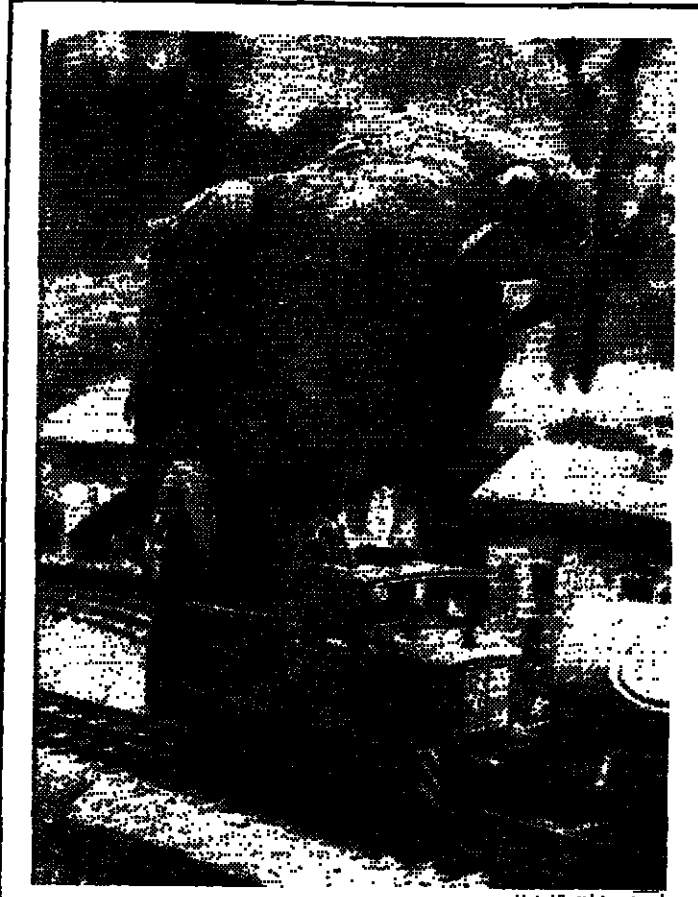
Question of Ancestry

In the past, the census determined ancestry by asking for the birthplace of one's parents. But that was useless for determining rising ethnic consciousness among third- and fourth-generation Americans. But the new question, demographers say, will produce a mass of incomparable and meaningless data. What for example, does a person enter on the form if he has English, Indian, Irish and German ancestry? What do Jews do? The census does not ask religion, and someone entering "German Jew" would be grouped with Germans.

Further, Charles Keely of the Population Council in New York, raises the possibility that a first- or second-generation naturalized Pole would call himself "American" while a third-generation youth, affected by new ethnic awareness, would say "Polish."

Others, however, argue that ethnicity is a matter of what people consider themselves.

Mr. Zitter conceded that the solution was imperfect and that comparisons with previous censuses would be impossible. "But in each census you address new issues and problems," he said. "You've got to decide between continuity and change."



CHARLY ON A CHOO-CHOO — With what might be called a satisfied smile, Charly, the Hyacinth ara — parrot, that is — rides a miniature train at the children's amusement park in Geiselwind, West Germany. The big bird is one of the favorite attractions at the park near Frankfurt.

After Group Demonstrates

Sears to Drop Its TV Ads On 2 'Sexy' Shows in U.S.

CHICAGO, May 15 (UPI)—Sears, Roebuck and Co., which has been picketed across the United States for its sponsorship of television shows that have themes of violence or sex, says that it no longer will sponsor "Charlie's Angels" and "Three's Company."

Wiley Brooks, a Sears spokesman, said that the decision was made because the shows "don't conform to our guidelines."

The cast of "Charlie's Angels" include three young women playing private detectives whose purpose at times seem to be to wear bikinis. "Three's Company" is about three college roommates — two women and a man. The announcement was made Friday as demonstrators led by a minister who says that he cannot stand television's proliferation of sex, foul language and violence — arrived at Sears Tower — the world's tallest building and headquarters for the world's largest retail firm.

The pickets were led by the Rev.

Donald Wildmon, a United Methodist minister from Memphis.

Mr. Wildmon said that he gave up his pulpit last year to crusade to clean up television. He said that he made his decision one night while watching television with his children.

Claims 10,000 Members

He founded the National Federation of Decency and is executive director of the group, which claims 10,000 members in 34 cities in the United States.

The group picketed Sears stores across the country Friday in protest of Sears' sponsorship of such shows as "James at 15," "All in the Family," "Three's Company" and "Charlie's Angels."

Shortly before the lunch-time pickets put on sandwich-board signs charging that Sears is "no longer a family company," Sears executives announced that the company no longer will sponsor "Charlie's Angels" and "Three's Company."

The federation said that Sears is the No. 3 sponsor of both sex and violence, and ranks fifth among sponsors of prime-time profanity.

"We are disgusted with the low level of television programming and we intend to make our voices heard where it counts — in the advertiser's pocketbooks," Mr. Wildmon said. "Sears isn't going to get any of our money to pay for their trash."

Mrs. Richard Nopar of Wilmette, Ill., mother of two teen-age boys, wore her Sears credit card, neatly cut in half, on her picket sign. She said that she thinks it is a "crime" that Sears and other companies on the federation's list sponsor such programming. The federation also has been critical of American Home Products and the Ford Motor Co.

Sears executives said that they basically agree that most prime-time programming is unsuitable for children and that improvement is needed. But they noted that they opposed "pablum on TV."

"We do think, in some cases, the [federation] has gone too far," Mr. Brooks said. "For example, I don't consider 'Oh, My God' a profanity."

Abductors Free Girl, 13, in Italy

LECCO, Italy, May 15 (AP)—Elena Corti, the 13-year-old daughter of the co-owner of a fish importing company who was kidnapped as she left school Jan. 30, was released unharmed during the night near her home, police reported today.

It was not disclosed whether ransom was paid.

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Says He Thinks President Has Done Quite Well

Meany Belittles Differences With Carter

By Helen Dewar

WASHINGTON, May 15 (WP)—George Meany sought yesterday to smooth over differences between President Carter and organized labor about how to fight inflation, but the AFL-CIO president reiterated his opposition to Mr. Carter's call for voluntary wage restraint by unions.

Denying recurrent reports of increasing hostility between him and Mr. Carter, Mr. Meany said he would support the President again over any known Republican challenger and would not encourage a "dump-Carter" move among Democrats in 1980.

"By and large, I think he's done quite well," Mr. Meany said, appearing to go out of his way to play down any appearance of a serious rift between the AFL-CIO and the White House.

Appearing on ABC's "Issues and Answers" program, Mr. Meany said the AFL-CIO was "disappointed" with some of Mr. Carter's actions just as he was sure that Mr. Carter was "disappointed" with the AFL-CIO's rejection of specific wage-curt targets at a White House meeting Wednesday.

Denies Confrontation

But there was "no confrontation," Mr. Meany said, adding: "Once in a while I have disagreed with him, and I suppose I'll have more disagreements from time to time, but basically I support him."

Mr. Meany's assessment came as the administration and organized labor rebounded from last week's quarrel and prepared for this week's joint effort to win Senate approval of labor-law revision. Labor is counting heavily on Mr. Carter for help in breaking a threatened filibuster against the bill.

Mr. Carter reaffirmed his support for the legislation on Tuesday, the day before the disagreement with the unions over inflation. Sen. Harrison Williams, D-N.J., chairman of the Senate Human Resources Committee, said on NBC's "Meet the Press" yesterday that the President "couldn't be stronger" in his backing of the bill, which is labor's top-priority legislation for the year.

Mr. Meany said he did not feel labor's support for Mr. Carter in 1976 was misplaced.

"If he was running for president today against any of the Republican candidates who have been

mentioned, I would be all-out in support of Jimmy Carter today," he said.

Asked if he would participate in

New Governors Are Reported

In Afghanistan

BELGRADE, May 15 (AP)—The Revolutionary Council of Afghanistan today published a list of new governors for 20 of the nation's 27 provinces, the Yugoslav news agency Tanjug reported from Kabul.

The new governors will take their new posts today from commanders of military districts who performed military and civilian duties in the provinces during the recent state of siege.

Tanjung said that the nomination of the new governors was the first measure aimed at settling the state administration after the coup.

The agency said the governors were all members of the People's Democratic Party of Premier Nur Mohammed Taraki.

a "dump-Carter move," Mr. Meany said, "No sir, I would not."

"If the Democrats are going to dump Carter, the Democrats are going to have to do it," he added.

The Wednesday meeting, which was described as tense and heated at times by both administration and labor sources, was the latest in a series of encounters that have prompted speculation of bad feeling between the 83-year-old labor leader and the President.

Mr. Meany denied that, too, saying reports of incompatibility and inability to communicate had been exaggerated by journalists who are "looking for blood on the floor."

At the meeting between Mr. Carter and the AFL-CIO Executive Council, the President specifically asked the presidents of most big AFL-CIO unions, to aim for smaller wage increases than they won in their most recent contracts.

"We couldn't deliver that... We don't negotiate contracts," said Mr. Meany. "Bring the prices down, and I'm quite sure that wages will stay down... I don't think there's any question on that."



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Obituaries

William Lear, Inventor Of Small Jet, Car Radio

NEW YORK, May 15 (NYT)—William Powell Lear, 75, the industrialist who pioneered the small corporate jet plane and who invented, among other things, the car radio, the automatic pilot for aircraft and the eight-track stereo cartridge, died yesterday of leukemia in Reno, Nev.

His friends and associates remembered him as an energetic, exuberant man for whom 18-hour days were routine. They remembered him, also, for his generosity and loquaciousness.

Some also recalled Mr. Lear's enthusiasm for projects, as when he proclaimed that one of his inventions, a steam-powered car, was the antidote for automobile pollution.

Mr. Lear's friends recalled that he was always searching for a new project. In 1967, after selling for \$25 million, his interest in the Lear Jet Corp., which he had founded, he became bored with retirement.

He turned his malaise by plunging into a new project, the steam-powered auto. And while that plan was in the works, he began designing a small jet plane called the Learstar 600. After that, he set out to develop a Learfan business jet that would be twice as fast as and more economical than the conventional corporate jets in use.

"Before anyone ever flew super-sonically, Bill was living that way," a friend said of him.

His fondness for a high-pressure life, Mr. Lear often said, was cultivated in Chicago, where his mother, divorced from her husband, had moved from Hannibal, Mo., where Lear was born on June 26, 1902. While attending public schools, he worked in his spare time at shoe shining, and although his inventive skills were apparent to his teachers, his creativity was continually frustrated by economic circumstances. He decided, at the age of 12, to leave those circumstances behind.

"I remember working out a blueprint for my future when I was 12," he said many years later, when he had accumulated an estimated \$75 million. "I resolved first to make enough money so I'd never be stopped from finishing anything; second, that to accumulate money in a hurry — and I was in a hurry — I'd have to invent something that people wanted, and third, that if I ever was going to stand on my own feet, I'd have to leave home."

He left home at 16 and joined

the Navy, where he studied radio in World War I.

His naval training proved useful when, in the early 1920s, Mr. Lear invented and sold to the Motorola Corp. a design for the first practical automobile radio. This was his first patent, to be followed by about 150 others, in such fields as radio, electronics, aviation technology and auto engineering.

Mr. Lear's associates said that the inventor had had an eclectic career, marked by the individuality that characterized such contemporaries as Henry Ford. In World War II, for example, Lear Inc., which Mr. Lear had founded in 1939, did \$100 million worth of business supplying spare parts to the U.S. armed forces. And soon after the war, he produced the light-weight autopilot, considered by many to be his most famous invention. The autopilot is a device that uses electronic impulses to stabilize an airplane and enables it to fly automatically on a fixed course.

By adjusting a few knobs, a pilot can fly without manual steering and land or take off in inclement weather.

Mr. Lear's design for the original Learstar jet, which opened the market for small corporate jets, was controversial. Critics said that the plane was vulnerable to icing of its exterior surfaces. There were several crashes. Business suddenly dropped, and Mr. Lear sold his concern to the Gates Rubber Co. of Denver.

The engineers at Gates overhauled the design of the plane and in a few months it was once again popular among corporate buyers.

Boredom was his nemesis, Mr. Lear said, and to avert it, he sometimes went on binges that involved full days of work and full night of crash shooting. His friends recalled that he was a great party-goer and party-giver, with a proclivity for whiskey and attractive women.

Flamboyance was something that Mr. Lear said he thrived on. Once, in an effort to expand the sales of his company, he flew to the Soviet Union in his own plane, becoming the first private American flier to do so.

—PRANAY GUPTA

Alexander Kipnis

WESTPORT, Conn., May 15 (AP)—Alexander Kipnis, 87, a world-famous basso who starred at



William Lear ... in 1970.

the Metropolitan Opera for a decade, died yesterday at a convalescent home.

Mr. Kipnis was born in the Ukraine and began his singing career in Hamburg in 1919 and made his debut at the Met in New York City in 1940.

He left the Metropolitan in 1949 and became a voice instructor at the Juilliard School of Music in New York City.

He had been a Westport resident since 1942. His son, Igor, is a noted harpsichordist.

Before World War II, Mr. Kipnis performed at the Wagner festivals in Bayreuth, Germany, and was also principal basso at the Vienna State Opera.

He won critical acclaim for his roles in the operas "Boris Godunov," "Parsifal," "Die Gotterdammerung" and "Faust."

Claude Bellanger

PARIS, May 15 (NYT)—Claude Bellanger, 68, publisher of the French newspaper Le Parisien Libere, vice-president of the Agence France-Presse news agency and longtime president of the International Federation of Newspaper Publishers, died Saturday at his home here after a short illness.

During the German occupation in World War II, Mr. Bellanger, a professional newspaperman, became one of the chief organizers of the clandestine press of the Resistance. He was arrested and sent to a concentration camp in Germany.

When the Liberation occurred, Mr. Bellanger was freed and became part of a group that in 1944 founded Le Parisien Libere as an organ of the more conservative wing of the Resistance. He was named general manager and stayed at that job for the next 33 years, taking over as publisher last year after the death of the paper's chief shareholder, Emilem Amaury.

In the mid-1970s, Mr. Bellanger found himself in one of the bitterest labor disputes in the history of the French press. The dispute, over a plan to streamline production with the dismissal of hundreds of employees, led to nearly 20 months of occupation of the paper's two Paris plants and to a series of nationwide newspaper strikes.

In the end, he negotiated a compromise largely favorable to management, although the paper became a tabloid and lost half its circulation. Daily circulation is now less than 400,000.

Louis Zukofsky

NEW YORK, May 15 (NYT)—Louis Zukofsky, 74, considered by critics as one of the most accomplished of American poets, died Friday in Port Jefferson, L.I.

Although Mr. Zukofsky's name was not very familiar to the public, he was well known among poets. He had recently completed "A," a poem composed of 24 sections, to be published this fall by the University of California Press. "Preposition," a book of criticism, also is scheduled for release by the same publisher.

Peter Pollack

SARASOTA, Fla., May 15 (AP)—Peter Pollack, 69, a prominent photography historian and curator, died Saturday at his residence here.

Mr. Pollack's best-known work was a 1958 book, "The Picture History of Photography," which was translated into five languages.

Longest Serving Prime Minister

Australian Sir Robert Menzies, 83, Dies

SYDNEY, May 15 (AP)—Sir Robert Gordon Menzies, 83, Australia's longest serving Prime Minister who guided the country's postwar development, died today at his home in Melbourne, the government announced.

Sir Robert, the son of a country storekeeper, had been living in retirement since 1966.

He dominated Australian politics as Prime Minister from 1949 to 1966 and also headed a wartime coalition government from 1939 until 1941.

A staunch conservative, lawyer, orator, Anglophile, and cricket fan, Sir Robert was unwaveringly loyal to the British Crown, loved good food, cigars and witty conversation, and made no attempt to hide his contempt for journalists, socialists and the United Nations.

Created Coalition

A brilliant parliamentarian and politician, he put together the Liberal-Country Party coalition which ousted the Labor government in 1949, when Australia was bedeviled

by strikes, tired of wartime restrictions and worried about Communism.

The need for capital investment and defense partners as well as his own sympathies kept Sir Robert's governments in close alliance with the British and Americans. Sir Robert never developed intimate ties with his Asian neighbors as he had with London and Washington. He also despised the United Na-

Amnesty Group Asks Observers for Bhutto

LONDON, May 15 (Reuters)—Amnesty International today asked the Pakistan military government to permit observers at the appeal hearing of former Prime Minister Zulfikar Ali Bhutto, who is under sentence of death.

The London-based human rights organization also attacked flogging and amputation introduced under Pakistan's martial law decrees as "cruel, inhuman and degrading" punishments.

In Departure From Mao, Speed of Learning Counts

By Fox Butterfield

HONG KONG, May 15 (NYT)—In the sharpest departure yet from the egalitarian policies of Mao Tse-tung, China has begun to institute a new program of dividing schoolchildren into classes of fast, normal and slow learners.

The new system, which is being introduced on a trial basis, is designed to improve students' motivation after a decade in which educational advancement had been based on a student's political background rather than academic merit. Articles in the Chinese press contend that the new system will help both bright students, producing "men of talent" for China, and below-average learners, who will now have a chance to excel among their own kind.

The program of differentiation, however, has evidently aroused considerable controversy in China, as it has in the United States, where it is known as "tracking," and arguments being advanced for and against tracking in China appear to be much the same as those in the United States.

New Elite

According to Susan Shirk, a professor of political science at the University of California at San Diego, who recently completed a tour of Chinese schools and colleges, some teachers are worried that the system will create a new elite, thus contravening Mao's pre-

cepts about the need for equality in Chinese education, also said that the teachers were concerned that students assigned to a slow-learners' class will develop feelings of inferiority.

The introduction of tracking is the latest in a series of sweeping changes which China's leaders have made in the nation's educational system since Mao's death in 1976 and the subsequent arrest of the radical leaders known as the "Gang of Four."

Among the other changes are the reconstitution of entrance examinations for colleges are the re-establishment of special or "key" schools for bright students and the restoration of titles and ranks for teachers.

During the Cultural Revolution, Mao had tried to make education more egalitarian and more practical by abolishing exams, requiring that students spend large amounts of time at manual labor and encouraging students to challenge the authority of their teachers.

In the last year and a half, however, Peking has said that these changes threw China's school system into chaos and lowered the standards of education. China is now trying rapidly to train a new generation of scientists and technicians to facilitate its ambitious plan to become a modern industrial power by the year 2000.

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Sir Robert G. Menzies ... in 1956.

cant and successful political leaders in Australia's history.

"A master parliamentarian and political tactician, he created the federal Liberal Party from the fragmented conservative forces of the 40s and welded together a cohesive coalition which he dominated during a record term as prime minister," Mr. Hayden said.

South Africa Names Black Archbishop

JOHANNESBURG, May 15 (Reuters)—The Roman Catholic Church has appointed its first black archbishop in South Africa, a church spokesman said today.

The spokesman said that the Most Rev. Peter Buthe, bishop of Umata in the black homeland of Transkei, had been named archbishop of Bluefontein, an area strongly under the influence of the Protestant and white-dominated Dutch Reformed Church. There are a few thousand whites among the 60,000 Catholics.

2 Skiers Die in Alps

SION, Switzerland, May 15 (Reuters)—Two skiers were killed by an avalanche on the Breithorn mountain in the Swiss Alps yesterday, rescue officials said today.

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Surprise in Salisbury

Africa is presently a hard-line continent. Rather than argue, concede and agree, the African groups tend to fight one another, whether over ideas, tribal ascendancy, personal power or whatever.

One such group has just entered Zaire, but if it wants an independent Katanga (and its mines) or to upset the Mobutu government is still not clear. France has sent reinforcements to Chad, where the police activities that constitute much of what remains of the French Union are needed to combat rebels. Ethiopia has threatened Somalia over Ogaden, and John Vorster says that South Africa will not apply the one-man, one-vote principle to its blacks. And these are only recent, publicized illustrations of the intransigence that seems to dominate Africa today.

But there is an exception. Bishop Muzorewa and his large United African National Council will not leave the government which Ian Smith set up to transform white-ruled Rhodesia to black-majority ruled Zimbabwe. And this is in spite of the fact that that government dismissed Byron Hove, whom the bishop had chosen to share the leadership of the Justice Department with a white man.

The choice that the bishop and his party made was not an easy one. Mr. Hove had been ousted for demanding changes in police hiring and promotion practices to favor blacks. And since one of the chief charges

against the Smith transitional plan was that it gave too much power to the whites in the police and the army, this was and remains a crucial issue.

But it was also stated that Mr. Hove made his demands in public, rather than within the barely organized black-white government. Moreover, it was argued that without the Muzorewa party that government would fall — and without the government the party would be isolated.

That the party responded to these reasonable arguments is unusual in the present state of African politics. Issues of this kind did not bring the guerrillas of the Patriotic Front into the original plan for transition put forward at Geneva in 1976, nor has any plan since — whether it came out of London, Washington or Salisbury — done so. Something of this kind also prevails in Namibia, and did in Angola. Too often the leaders of freedom movements want victory for their side, rather than for their people.

Whether the patched-up government in Salisbury will work satisfactorily and bring about a peaceful, functioning Zimbabwe remains to be seen. Obviously, there are points of friction which could break it up, to say nothing of what the Patriotic Front might be able to do with weapons. But at least one crisis has been surmounted by reasonable means — and that gives hope for those that will arise in the future.

Easing Spain Into NATO

For more than a generation, during Generalissimo Francisco Franco's dictatorship, the nations of Western Europe ostracized Spain from their councils. Yet they winked at the defense agreement between Madrid and Washington, signed in 1953, which gave the United States the use of four strategic bases and made Spain, de facto, a part of the Western alliance. Now a democratic Spain is deeply engaged in negotiations to join the Common Market, and would probably be welcome in NATO if it applied. But NATO is a divisive issue in Spain's newly open politics and — desirable though Spanish membership would be — Western governments should be wary of making their blandishments too strong.

Since Franco's death in 1975, Spanish political leaders have been preoccupied with establishing a working democracy; the country had not known a free election in 41 years. The two strongest parties, the governing Democratic Center and the moderate leftist Socialist Workers, are only beginning to stake out positions on Spain's international involvements. Both favor joining the Common Market. But they are divided on NATO, with Premier Adolfo Suarez's government in favor and the Socialists opposed. Socialist objections are in part a legacy of the past; during the Franco period, merely because the regime favored joining NATO, its opponents

demurred, and working-class sentiment is still strongly negative. Yet the Socialists support continuation of the bilateral defense arrangements with Washington.

Spanish membership would enhance NATO's position in the Mediterranean and the South Atlantic. But given the close defense ties between Madrid and Washington, it would have more political than military significance. It would signal a democratic Spain's full acceptance in Western Europe. It would enhance the roles, within Spain's armed services, of the navy and air force, whose officers are more democratic in their inclinations than those of the army. It might facilitate an accord with Britain to turn over Gibraltar to Spain. It would remove friction from relations with the United States by making the issue of "foreign" bases on Spanish soil a multilateral issue.

Spain's bilateral treaty with the United States comes up for renewal in 1981. That would be the logical time for Spain to enter NATO. But the Western allies should not press the issue. Premier Suarez is treading cautiously. The last thing that he or his Socialist rivals should want is for Spain's politics to be exacerbated by a question of secondary importance. And that is the last thing that Washington, Bonn and other NATO capitals should want as well.

THE NEW YORK TIMES

International Opinion

Brezhnev and Bonn

Though Brezhnev's health problems certainly complicated the timetable, it can hardly be a coincidence that his Bonn visit came at a time of mounting U.S.-German differences. President Carter and Chancellor Schmidt have long been at loggerheads, starting with Schmidt's electioneering support for Ford and progressing through his relatively open criticism of U.S. failure to check the decline of the dollar and neglect of certain European defense interests, as Bonn sees them. And the criticism has by no means been one-way. Yet there are no tangible signs that Germany is flirting with Moscow at the expense of her Western allies, even though it is quite clear that difficulties within an alliance are bound to be a target for exploitation by outsiders. It would seem urgent for the West to clear up its differences before the major priorities become finally obscured by day-to-day controversies.

From the Neue Zürcher Zeitung, Zurich.

Although everyone made much in public of the economic agreement between the two governments which is to run for 25 years, the main business done seems to have been both more immediate and more practical. Mr. Brezhnev evidently thinks that Chancellor

Schmidt now understands the up-to-date Soviet position on the three main issues which bedevil East-West relations — the deadlocked talks on mutual balanced force reductions (MBFR) in central Europe, the Soviet fears about SALT, and the now hushed transatlantic debate about the neutron bomb.

Chancellor Schmidt may also believe — although with a lesser degree of certainty — that Mr. Brezhnev understands the elements at least of the American position on these three issues. Even if this is all that was achieved behind the elegant battlements of Schloss Gymnich the news is still good. If the Soviet government wants to talk indirectly to President Carter, thereby avoiding the fuss, the trouble and the exaggerated expectations of a face-to-face meeting, then Chancellor Schmidt is one of the best intermediaries available (although Mr. Callaghan would have done just as well). The world must hope that détente will blossom and that SALT and MBFR — those silent and immobile conclave — will produce results quickly. For, as President Kekkonen of Finland said last week, the danger is that the hideous inventiveness of the armsmakers will produce their next deadly toy before the peacemakers have produced their next agreement.

—From the Guardian (London).

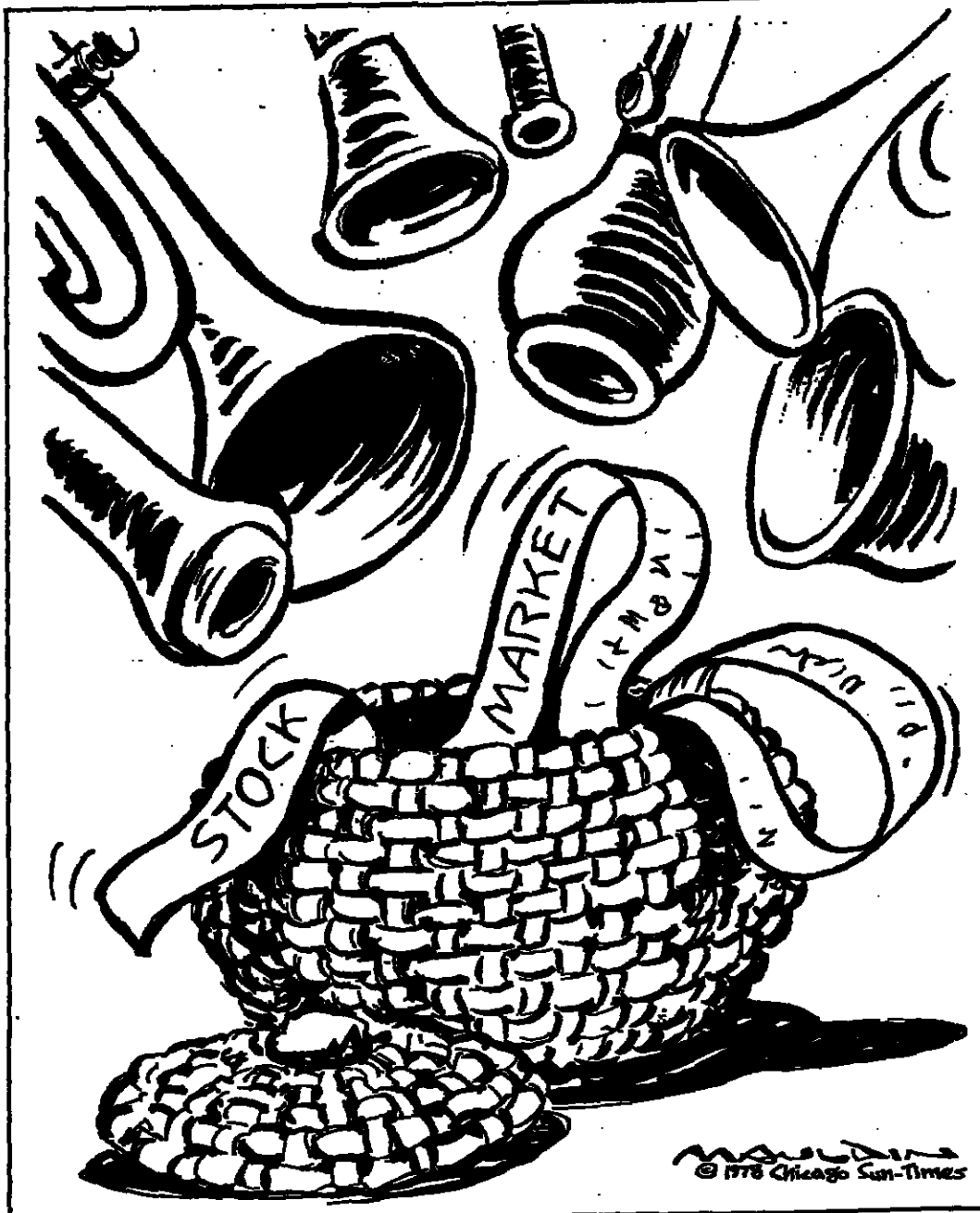
In the International Edition

Seventy-Five Years Ago
May 16, 1903

CHICAGO—"Cocktails, man and flattery are the three evils that the professional woman must shun just as completely as the ambitious man must turn his back against wine, woman and song. She is susceptible to them all, and each is a barrier to success." This declaration was made by Grace Noble, who is to manage a New York playhouse next year, at a meeting of the Hull House Woman's Club. Miss Noble also declared that society women are victims to cocktails as often as professional women, but, she said, the society woman has not a career to ruin.

Fifty Years Ago
May 16, 1928

LONDON—On Sept. 6, 1620, the Mayflower left the shores of England, taking a party of 102 "Independents," who founded the New England of America. Three weeks from tomorrow a party of 1,250 Congregationalists, as the "Independents" are now called, will sail from Liverpool to visit the places to which the pilgrim Fathers of 1620 sailed and where they laid the foundations of the unbreakable bonds that bind the Old England with the New. Congregationalists in America (1 million) are making great preparations to welcome the party.



A Defense Outline for Carter

By Alton Frye

WASHINGTON—What can Jimmy Carter do to prove he cares about national security? Tough question. And in some respects an odd one for a President who proposes to increase defense spending by more than \$9 billion next year.

Yet it is one the President had best ponder long and hard before submitting any strategic arms agreement to the Senate. In various quarters and for various reasons, the B-1 bomber cancellation, deferral of the neutron warhead, the Panama Canal treaties — Carter has sown doubts about the strength and wisdom of his national security policies. As even backers of those decisions must recognize, such doubts could become a fatal malady unless the administration shows more vigorous initiative in this area.

Prescriptions

Some prescriptions to cure the ailment:

• **Build a medium-range missile for Europe.** The theater balance is not precarious, but it is in flux. Soviet deployment of the SS-20, a mobile, multiple-warhead missile, has greatly alarmed the allies. The time has come to do what former NATO commander Lauris Norstad proposed years ago: deploy a mobile, medium-range ballistic missile (MMRB) of our own. To encourage mutual restraint, the President should make clear that the level and character of such deployment will be influenced by the scale of the SS-20 force fielded by the Soviets. The Senate Armed Forces Committee has just approved \$2 million for conceptual design of an MMRB, as approved by Sen. Thomas McIntyre, D-N.H.

• **Booster deterrence by making clear that, if theater nuclear weapons ever have to be used, their initial targets will be in Warsaw Pact territory.** There has been too much emphasis on the notion that U.S. nuclear weapons might be used first against Soviet forces advancing into West Germany. The President should disabuse the Soviets of any notion that he might confine nuclear strikes to enemy invaders on NATO territory. The prime targets should be Soviet tactical support units and facilities in Eastern Europe.

• **Pave the central front with anti-tank weapons.** The Soviet advantage in tanks is one of the most worrisome features of the current military balance in Europe. NATO has begun to meet that threat with such weapons as TOW and Dragon. Against the Soviet superiority in armor of more than 2-to-1, NATO should move toward dominance in anti-tank guided weapons. Such systems promise to be highly effective and relatively cheap. And, unlike nuclear weapons, which require the most elaborate controls, conventional weapons like these can be fired virtually at will against any tanks invading Western territory. For each Soviet tank posed in Eastern Europe, NATO should be prepared to greet it with 5 to 10 anti-tank weapons.

• **Beef up NATO's conventional "surge capability by freeing all tactical aircraft in Europe for that mission.** The demand for planes would be especially heavy in the early hours of war when requirements for close air support, armor suppression and interdiction would build rapidly. A number of experienced NATO officers believe that the supreme commander should be able to call on all suitable aircraft for those purposes, not having to hold planes back for potential nuclear missions. There have already been steps in this direction, facilitated by covering some theater nuclear targets with warheads from Poseidon submarines. Introduction of an MMRB and changes in targeting doctrine could complete this process.

• **Increase strategic warning by negotiating a tank-free zone between NATO and the Warsaw Pact.** Sen. Sam Nunn, D-Ga., has made the sensible suggestion that the slow-moving negotiations on mutual force reductions should focus on measures to give theater warning of impending attack. Even without actual cutbacks in the number of weapons available to the two blocs, it would be quite useful to separate their armor forces. Carter should seek a mutual tank disengagement of about 100 miles on either side of the line. The movement of tank forces into such a zone would provide a signal of hostile intentions, alerting the defenders to take countermeasures. With anti-tank weapons concentrated near the frontier, this arrangement would add needed

stability along the front. Since any invasion force would likely betray the direction of its thrust before reaching the border, the scheme would also favor the defender by allowing him to direct his own forces to the principal battle zone and by permitting early interdiction by airpower. Few steps could contribute so much to European security.

• **Engage the French as NATO's mobile reserve.** Twelve years after France's withdrawal from the alliance's integrated command there should be renewed efforts to define a suitable and useful French role in European defense. We should be able to move beyond the posture of Frenchmen describing Americans as unreliable and Americans describing Frenchmen as impossible. President Valéry Giscard d'Estaing has been groping cautiously toward somewhat closer coordination of French defense with other NATO members.

It may now be possible, given the degree of anxiety about growing Soviet capabilities, to engage France in a role commensurate with its special location and substantial resources. A distinctive mission for the large French Army would meet both NATO's need for a rapid reinforcement capability and France's historic insistence on "independent national defense." Washington should do all in its power, including technology transfer and help in modernizing French mobile units, to persuade Paris to assume an explicit role in backing up NATO forces in Germany. Gen. Guy Mery, French chief of staff, has alluded to this possibility. A rapprochement between France and NATO should be a central objective of U.S. diplomacy.

The military and political initiatives mesh well with Defense Secretary Harold Brown's stress on NATO. They suggest the kind of bold program the President needs to advance — and to implement, if the allies concur. They are no panacea, but they offer a convincing response to mounting Soviet capabilities. Without such a counter to the Russians in Europe, Carter may face insuperable obstacles to collaboration with them in SALT.

Alton Frye is the Washington director of the Council on Foreign Relations. He wrote this article for The Washington Post.

Letters

Jewish Refugees

Much more important than the public speeches of Begin, Sadat and Carter is a recent announcement by the World Organization of Jews from Arab Countries (WOJAC). They are reminding the world that Jewish refugees were driven from Arab countries at the same time that the Palestinian Arab refugees left Israel. They point out that the Arabs took away a total of 100,000 square kilometers of land which was owned by these Jewish refugees. This is much more than the total area of Israel together with the West Bank and the Gaza Strip. They also say that the property they were forced to abandon in the Arab countries was five times greater than the property abandoned in Israel by the Palestinian Arab refugees.

Peace can come to the Middle East only with an evenhanded treatment of the rights and claims of both Oriental Jews and Palestinians. The present American policy of pushing Israel to make concessions without saving a word about the rights of Oriental Jews is courting disaster. These Oriental Jews now constitute over half of Israel's present population. Israel is a democracy. Prime Minister Begin is responsible to his electorate and

not to President Carter or President Sadat. If he lets the Oriental Jews down, he will be voted out of office.

Israel is being pressed to give up all territories taken from the Arabs. There is no mention of 100,000 square kilometers taken by Arabs from Oriental Jews, who are now waking up and demanding their rights. They have seen how a handful of Palestinian terrorists have frightened the world into supporting claims much weaker than their own. If they feel isolated and abandoned by the West, they can resort to the same tactics with much graver consequences. They could spark off a nuclear war which would completely destroy the Middle East oil supplies. They might make a deal with the Russians which would allow leftist revolutionaries to take over Saudi Arabia with Cuban troops. The Carter administration had better wake up and see this reality before it is too late.

HARRY J. LIPKIN,
Rehovot, Israel.

Holocausts

Re: Art Buchwald's excellent "Prime Time Hit" (JHT, April 25) and Mr. Buchwald's question as to what NBC can do if the sponsors of

the serial wanted a sequel or an encore? May I suggest the same Holocaust that the Israelis did and still are doing to the Palestinians, where over 3 million people were displaced and hunted out of their homes to the refugee camps all over the Middle East.

The German Holocaust lasted for five years, this one started 30 years ago and is still running. One problem may face NBC doing such a sequel that few companies who believe in human rights will sponsor it!

ALI R. AL-BADER,
Kuwait.

Writ of Woe

The egalitarian Jimmy Carter laments that "90 per cent of our lawyers serve 10 per cent of our people." Woe is me. That means I must be in the other miserable 90 per cent of the people getting only 10 per cent of the legal help. Maybe I should bump off my mother-in-law and hire a lawyer to help even things out.

It's not just the lawyers, Jimmy really must do something about the inequities in the funeral business. Doesn't he realize that 100 per cent of our undertakers serve only 2 per cent of our people? JAMES O. S. HUNTINGTON,
Paris.

Freedom Misunderstood

The Disappointment Of a Soviet Exile

By Leopold Unger

BRUSSELS—For astrophysicist Kronid Arkadevich Lioubarsky there is a similarity between the planet Mars and the Gulag Archipelago: the relative silence that surrounds them.

And Mr. Lioubarsky, who was expelled from the Soviet Union last year, is intimately familiar with both areas. He gave vent to his disappointment in a recent interview.

Lioubarsky—You've asked how I feel about the West after a few months here. Well, I don't want to shock you, but I'm disappointed. . . . You don't know how to take advantage of your freedom here. You refuse to understand the world. We, in the Soviet Union, we are prisoners of the police, and it is tragic, but it is logical.

You, in the West, you are prisoners of your own misunderstandings. It is just as tragic, but it is also absurd.

Unger—What misunderstandings? Lioubarsky—Well, for example, can you go on living as you do while accepting exceptions in the rights of man anywhere? You refuse to accept the fact that you live on a small island of democracy completely encircled by an ocean of totalitarianism. And you refuse to understand that any abandonment of the struggle for human rights leads to slavery.

[Mr. Lioubarsky, 44, was a member of the Soviet team, behind the exploration of Mars.

Accused in October, 1972, of having "kept, copied and disseminated anti-Soviet literature," particularly Alexander Solzhenitsyn's "Gulag Archipelago," he was sentenced to five years in a strict forced labor camp. Released in January of last year, he was relegated to his home, but did not give up his dissident activities.

[Following the arrest of Alexander Ginzburg, Mr. Lioubarsky and two other dissidents took over the management of the fund for political prisoners set up by Mr. Solzhenitsyn with the royalties from the "Gulag Archipelago." That was too much for the regime. In October of last year, Mr. Lioubarsky and his family were expelled from the Soviet Union.]

Out of Kafka

Lioubarsky—My situation is like something out of Kafka, but that is fairly typical for a political exile. Although I am Russian, I left the Soviet Union officially to go to Israel (the only destination tolerated by the KGB). I sent my books (2,000 books, my only wealth) to the United States. I live in Vienna but will finally settle in Munich, where I have been named to a post at the Max Planck Institute. I preferred Munich to the three offers from U.S. institutions because I want to stay in Europe, close to our problems. So much remains to be done.

U—On the planet Mars?

Lioubarsky—No, on the Gulag Archipelago. Contrary to what some in the West believe, the recent wave of violence in the Soviet Union did not succeed in liquidating the dissident movement. On the contrary, it is now more experienced, better structured than before.

Its three main characteristics today are — first, that dissidence is no longer the result of individual initiatives. Now activists from various philosophical and ideological families have united in their struggle against totalitarianism. Second, the movement is no longer in the hands of intellectuals only, as can be seen by the recent call for the creation of a labor union independent of all official organizations. Although it may be only symbolic, it is a significant expansion of the dissident movement.

And furthermore, there are the various national movements, which demand — more and more openly — the right to their national identity, their culture, in other words, their self-determination. And this represents a growing danger for the regime.

End of Myth

U.—Does this signify the end of the monolithic aspect of the regime?

Lioubarsky—Not yet, of course. But it does indicate the end of the myth that this monolithic structure is made to last forever. It is a much more fragile structure than you would suppose. And if you would listen to what is taking place in the satellite countries, you would almost hear the cracks forming in the monolith. But then, you have to want to listen. . . .

U.—You believe that we do not want to listen. Why then has Presi-

dent Carter made the rights of man the cornerstone of his foreign policy?

Lioubarsky—Yes, of course. But he was quickly forced to tone down his campaign. The Americans, here, have given up an excellent bargaining tool. Sen. Henry Jackson's idea of linking the granting of material advantages by the West to a liberalization of the Soviet regime appears to me to be very efficacious. You have no idea of the seriousness of economic problems in the Soviet Union. The country has been living in a state of perpetual insufficiency on the one hand, while going through a constant, although well-hidden, inflation, on the other.

The Soviet Union has a vital need of Western supplies of food and technology. Give it to them, but you must, at least, get something in return.

U.—Some people in the West believe that such an attitude would lead to the end of détente and a resumption of the cold war.

Lioubarsky—No one in the world more sincerely desires détente than the Soviet dissidents. But the meaning of the term must be made completely clear. Despite the Belgrade conference, two members of the Soviet committee for the control of the application of the Helsinki agreement are in prison. And of course, there are those, like me, who have been "lucky" enough to be expelled.

U.—Nevertheless, the KGB did not initiate any new trials during the Belgrade conference.

Lioubarsky—And after Belgrade? It is possible that President Carter's personal interest may ease the fate of Anatoli Shcharansky, or that some spectacular action by U.S. and British lawyers and intellectuals may help Yuri Orlov to live through the Gulag. But who will help the others, and particularly Alexander Ginzburg, who managed the Solzhenitsyn fund in the Soviet Union? He will be put on trial and his sentence, you will see, will be harsh and exemplary.

U—Why Ginzburg?

Lioubarsky—Because he is the least protected. There has been less publicity on the Ginzburg case in the West than on the others.

Our Protection

U.—You admit, then, that the action in the West is useful?

Lioubarsky—Of course, it is our only protection. Ten years ago, Ginzburg's mother tried to see Western journalists in Moscow, when her son was in prison for the first time. But no journalist was able to get through the KGB barrier to see her. Today, there are two press conferences a week by dissidents in Moscow.

In 1965, Andrei Siniavski and Yuli Daniel were sentenced to seven years of Gulag for having their books printed in the West. Today, dozens of books are sent to the West and their authors are not prosecuted or condemned too severely.

More than 100,000 Jews have been able to emigrate. Thousands of Volga Germans have been able to leave for West Germany. All that has been made possible, not because the Soviet regime has become more democratic, but because it has become weaker. And it has become weaker because Russians are now better informed than before, because the Russians are beginning to wake up to the world. Millions of persons in the Soviet Union listen to Western radios, through which they learn what is going on in their own country and what the Western world thinks about it.

We are very grateful for what the Western press and Western public opinion have done for us. And the reply from the depths of the Gulag is this: Publicity is the strongest weapon against totalitarianism; radio and television beams pierce the thickest wall. And don't forget, when you stand up for human rights in the Soviet Union, you stand up for your own beliefs. Add you are protecting your own future.

The International Herald Tribune welcomes letters from readers. Short letters have a better chance of being published. All letters are subject to condensation for space reasons. Anonymous letters will not be considered for publication. Writers may request that their letters be signed only with initials but preference will be given to those fully signed and bearing the writer's complete address. The Herald Tribune cannot acknowledge letters sent to the editor.

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Deauville Seasons Opens With Gala and Fashion

By Hebe Dorsey

DEAUVILLE, May 15 (IHT)—Jean-Louis Scherrer opened his 13th boutique here with a showing of his collection at a gala that also kicked off the Deauville season.

Mr. Scherrer, whose hand is getting stronger all the time, is also planning to open in Zurich, Geneva and add two more boutiques to the four he already has in Japan.

His new boutique, in an ideal location facing the casino, is operated, as are most of them, on a franchising basis. Done and run with local funds, it is decorated and supplied with Scherrer's taste and merchandise. This time, he simply changed the facade of a small, turn-of-the-century house with clean-cut and steel-rimmed windows and did the inside in brown, steel and mirrors, to conform with the other Scherrer boutiques.

The pretty, suntanned blonde who presided over the Deauville gala Saturday was the city's mayor, Anne d'Ornano, who succeeded her husband, Michel, in March, 1977, after the latter tried running for Paris's mayoralty and lost to Jacques Chirac.

"I never go to that kind of function," Mrs. d'Ornano said. "Otherwise, it would be endless." But the Scherrers happen to be close friends.

Pontecost weekend traditionally marks the start of the Deauville season and is also the time of year when Parisians open their country houses. But Mrs. d'Ornano said: "Things are changing. The season is not as confined as it used to be. We try to have something going on all the time, such as festivals, congresses, etc. One of my major problems," she added, "is to keep a city of a few thousand—that swells tenfold during the tourist season—alive all year round."

Gala Dinner

A few years ago, the d'Ornanos were instrumental in prolonging the Deauville season by a week with a gala dinner held on the night of the last race and the last weekend in August. "It used to be chic to leave Deauville right after the last race," Mrs. d'Ornano said. "People even took their luggage along with them to the races in order to leave faster. When we started the ball, that extended the season by a full week. Then the American Film Festival, created a few years ago, also kept things alive until Sept. 15."

Deauville had its heyday during the '20s when the famous *planches*, a several-mile-long boardwalk along the sea for feet that could not bear walking on sand, were built. The beach, with its cluster of colorful tents and its rendezvous, Le Bar

du Soleil, was frequented by writers and painters, including caricaturist Sem and painter Van Dongen. The people establishing big houses at Deauville were named Bugatti, Citroen or Boussac.

Those were the days. "We used to take part in elegance contests," said Jacqueline Citroen, daughter of Andre Citroen, who grew up in Deauville, "driving cars that were miniature copies of our parents' cars. We changed them every year, and, through special dispensation, we had the right to drive around Deauville."

The other big names in or near Deauville were Barons Robert and Edouard de Rothschild, Alec Weissweiler, the Aga Khan and the Duc de Grammont, who, with Jacques de Nervo, established polo which has become one of the major, U-attractions of Deauville. Prince Charles of England came and played last summer and is said to have liked it so well he plans to come back this year.

The Rothschilds are still very much around with Baron David mayor of Pont l'Évêque and living at the Chateau de Reux, a village whose mayor is his mother. As for his father, Guy, he lives in the Meaurio stud farm which used to belong to his father. Despite an all-year-round activity, the chic time of the year is still August, with its races and yearling sales attended by international race owners, and the big polo games, presided over now by Baron Elie de Rothschild.

Deauville is getting a further shot in the arm with the arrival of Kuniko Tsutsumi, a Paris-based Japanese businesswoman who just bought the nearby Trouville Casino. So far, she spent 8 million francs putting on a fresh coat of paint, a new Regine discotheque, and redoing miles of roof," she said. Mrs. Tsutsumi, who attended the Scherrer gala, said that it was just a beginning and that she plans to spend considerably more on a cinemathèque and a hotel.

Mrs. Tsutsumi, whose company owns, among other things, the Seibu chain of department stores, has concentrated lately on casinos. A few years ago, she developed one in the South of France on an abandoned ship, the Lydia. Asked if she plans to go on, she said: "I might. It becomes a bug, collecting casinos."

Although Deauville and Trouville have stayed traditionally well apart, on Scherrer's gala night Macy's finally talked to Gimbels as Mrs. d'Ornano agreed to cross the bridge and visit Trouville's casino and Regine's.

"That's the way it should be," said Mrs. Tsutsumi, who is trying to get something started again



Anne d'Ornano and Jean-Louis Scherrer.

along that stretch of Normandy coast. "All that region was going downhill," she said. "Now, with Trouville and also nearby Cabourg, which was taken over recently by Bruno Coquatrix [who owns the Olympia Theater in Paris], I hope we can have the beginning of something like the Cote d'Azur."

The arrival of Mrs. Tsutsumi is a bonus for the region in more ways than one. A heavy gambler, she has become an habitué of Deauville Casino, since, being the owner, she cannot play at her own.

Another heavy gambler is Francoise Sagan, who reportedly won her house near Honfleur with her casino earnings. The house, a big, rambling Normandy construction, set in lawns and woods, has a swimming pool and a dance ring as well. The latter was built by a tenant whose wife was paralyzed.

While she lay in bed upstairs, he had the dance floor built and reportedly danced all by himself and in black tie. So yesterday Miss Sagan put on her record player and had a *danse* for a group of friends who included designer Jacques Delahaye, journalist Peggy Roche, the Scherrers and her own 14-year-old son, Denis.

One last note on Deauville. It may have a synagogue.

"Alain de Rothschild asked me for it," Mrs. d'Ornano said. "So I'm going to lend a locale to the Jewish community on a trial basis for this summer. If it works out, they might then want to buy land and build a synagogue."

Wine in Paris: Time Stops at Turn-of-Century Bistro

By Jon Winroth

PARIS, May 15 (IHT)—The humble little wine bistro has finally made it, to judge from the three-month-old L'Ecluse. Just off the Place Saint-Michel on the Quai des Grands-Augustins, it has, in fact, been around for quite a while in other forms.

Formerly a cabaret of the same name, it used to feature Jacques Brel and Marcel Marceau, among other then unknowns. Even farther back it was a riverboat sailor's bar where, it is claimed, Zola wrote "L'Assomoir."

In its latest reincarnation L'Ecluse has become a pleasantly retro bistro à la mode in the hands of Georges Bardawil. Of half-Corsican and half-Lebanese origin, he has put his talents to various en-

deavors of which a nearby photo gallery-tearoom and L'Ecluse are the latest.

Done over with peony pink walls and ceiling, fuchsia benches, iron tables and bentwood chairs, brass wall-brackets, mirrors and old posters, the effect is a step back into the *fin de siècle* era.

Curiously, even a visit to the restaurant reinforces the feeling that time has stopped. The view through the window is of the upper part of a building in the next courtyard. Set into the top story are full-sized, baked-clay reproductions of two panels from the procession frieze of the Parthenon.

The wines are no letdown in this setting. They are all from Bordeaux but represent a wide selection of that region's varied vines. A dozen

are available by the glass and all of them by the bottle at the table or to carry out.

One of the cheapest is outstanding, a simple dry white Bordeaux. Chateau Reynon 1977, with a remarkably lively fruitiness. It goes perfectly with a plate of delicately smoked, silky smooth salmon at 25 francs a portion.

The Chateau Cantegri Barsac goes equally well with a 30-franc serving of marvellously fresh duck foie gras. Dry wine from *deuxieme cru* (in its sweet version as Barsac) Chateau Doisy-Daene and a sweet Chateau Loubens from Sainte-Croix-du-Mont (by the bottle) are the other current wines.

The range of reds is naturally much wider. Every day a different *grand vin* is available by the glass,

including such noble classified growths as Chateau Latour, Leoville-Las-Cases, Giscours, La Lagune and Beycheville. Other commoner and lower-priced reds may also accompany the likes of San Daniele Italian ham, smoked fillet of goose and other delicacies.

None of these items is very expensive for what they are, but the temptation is great and the pleasure is such that before you know what you are about you have racked up a tab of 50 francs or more. It seems worth it, though, to spend an hour or two out of the present.

L'Ecluse, 15 Quai des Grands-Augustins, Paris 6. Closed Sundays. Telephone: 633-58-74. Open from late morning to late evening.

The Gray Mullet: A Fish of Half-Explained Mysteries

THE GRAY mullet, despite its name, is unrelated to the red mullet (IHT Nov. 3, 1977). The latter belongs to the family of Mullidae, the former to the family of Mugilidae, genus *Mugil*. It is a wide-ranging fish, for which reason it is sometimes called the ocean mullet, counting between 70 and 100 species, found in most of the tropical and temperate waters of the world, including both the Atlantic and Pacific coasts of the United States.

Francis Higginson expressed his astonishment in 1630 at the great number of mullet found off the coasts of Massachusetts. Joan Jungblach tells us that in the Southern United States, where mullet are plentiful, the fish is sometimes called the black mullet, which I assume is true locally, though this word has not yet found its way into the dictionaries. On the contrary the commonest species in America seems to be the white mullet, *Mugil curema*. The commonest in Britain, *Mugil cephalus*, the big-headed mullet, which wears a transparent membrane like a veil over its eyes, is also found on both coasts of the United States.

Among other plentiful and eminently edible species are the thin-lipped mullet, *mugil chelo*, so much esteemed by the Venetians that in their dialect there are different names for the yearling mullet, the two-year-old mullet, and the three-year-old mullet, after which they lose track of its age. *Mugil auratus*, the golden mullet, which has yellow splashes beside its eyes, is particularly prized in Turkey, where it is not only eaten fresh, but is also smoked. The Turks also smoke *Mugil saliens*, the jumping mullet, which leaps high into the air holding its body stiff and straight, not

curved like that of a salmon mounting a waterfall. The fish seems to spread itself out flat on the surface and to shoot itself upward with a powerful downstroke of its tail. When one jumps, the others follow its example like sheep clearing a wall. This is only one of the oddities in the behavior of the gray mullet, a fish of many mysteries, most of which remain only half explained.

As schooling migratory fish, whose movements have been little studied, the gray mullet takes refuge in tropical and subtropical waters during the winter, returning to the temperate zone with warm weather. In the waters between France and Britain this means that a few schools appear in May; a good many schools turn up in June and July; in August and September the sea is thick with them; and October they thin out until, towards the end of November, they are no longer to be seen.

The regular mass movements of the mullet have resulted in the curious fact of making an oceanic fish a common food in, of all places, the Sahara Desert. The whole economy of the Imraguen people (known alternatively as the Hawata, a word related to the Arabic *haout*, fish) is based on the mullet. Ordinarily the Imraguen live inland in the western Sahara, but during the mullet season they set themselves up in temporary quarters beside the sea and devote themselves to fishing. Their technique is simple: One man, standing in shallow water, holds the shore end of a large net. A second, holding the other end, simply walks around any school of fish which approaches the beach (toward which they are often driven by hunting dolphins, which dote on mullet). By April the mullet leave

and so do the Imraguen, to peddle their sun-dried catch to other inhabitants of the Sahara. Australia takes advantage, too, of the dependable regularity of the mullet's migrations. During the latest year for which I have figures, 17 per cent of the total annual fish catch there was of gray mullet.

One of the mysterious unexplained facts about the gray mullet is that every once in a while a school is sighted surrounding a single fish swimming upside down, and having no difficulty, apparently, in keeping up with the others. The mullet's nocturnal habits are peculiar. At night the compact school of fish sinks to the bottom to rest, spreading out as it does so, each individual fish settling down in its own chosen spot on the bottom, so that the school covers a much wider area than when it is swimming together during the day. All of them face the same way. At the slightest alarm, they rise in a convergent pattern, reforming immediately the compact defensive phalanx of schooling fish.

The greatest mystery about the gray mullet is the manner in which it adapts itself to a change from salt to fresh water or vice versa, and the speed with which it does so. It is a fish which often frequents brackish waters—harbors, tidal pools, mixed-water lagoons like the Bay of Tunis and the river mouths, where it frequently mounds with the rising tide. Some tropical species are reported to stay in fresh water, though never far inland. The roster of African food published by the International Food and Agricultural Organization lists the gray mullet with both freshwater and saltwater fish. Other fish live in brackish water, but only the gray mullet seems able to make swift changes

from one extreme to the other with impunity.

The classic example is that of the Fountain of Arethusa in Syracuse, Sicily, described by Cicero as "an incredibly large spring, teeming with fish, and so placed that it would be swamped by the waves of the sea were it not for the protection of a massive stone wall." Some of the fish with which it teems are ocean mullets, living contentedly in the freshest of fresh waters: An earthquake once broke open the wall, letting in the sea and the mullet with it. When the wall was repaired, the mullet stayed.

In flavor the gray mullet cannot hold a candle to the red mullet, but it is still not to be despised. Larger than the red mullet, up to 10 to 12 pounds, depending on the species, its flesh, says the "Dictionnaire de l'Academie des Gastronomes," is "very white and very light; some call it mediocre, but the great majority consider it among the most delicate, as good as that of the sea perch." The Larousse gastronomic encyclopedia describes the gray mullet as having "white flesh, fatty, delicate and easy to digest." Some persons become prejudiced against it because they first make acquaintance with it as a fish having a muddy taste, which can happen because the sort of waters it frequents often have muddy bottoms. Elizabeth David advises that the cook should clean gray mullets carefully and wash them thoroughly in running water, thus ridding them of any evil flavor.

Luxurious Foods

In the medieval "Roman du Compté d'Anjou," both red and gray mullets are cited as luxurious foods. In ancient Athens both were eaten with relish, while the Romans, though they never displayed the same excess concerning the gray mullet which they lavished on the red mullet, still appreciated the former. It is now believed that ancient tanks at Orbetello, whose function once baffled archaeologists, were traps for gray mullets, of which Roman emperors were fond, but which were hard to take for breeding and stocking because, the ancients asserted, handling their scales injured them and netting them killed them. This does not seem to be borne out today, but it is true that in Britain, where the gray mullet is sought out by many anglers because of the challenges provided by the difficulty first of hooking it and then of landing it.

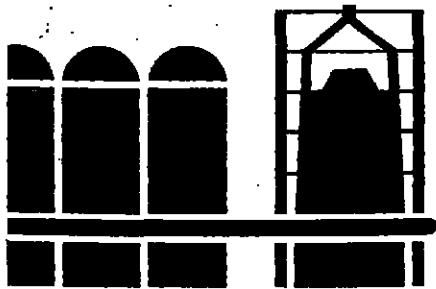
Fishing for gray mullet is perhaps the closest approach to freshwater fishing provided by a saltwater species; some anglers even use a float. It takes with avidity a decidedly inland bait—boiled macaroni.

© 1978 Waverly Root

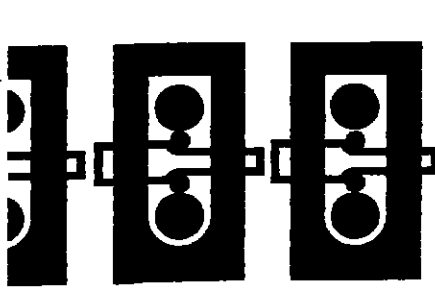
Machinery, Plant and Systems

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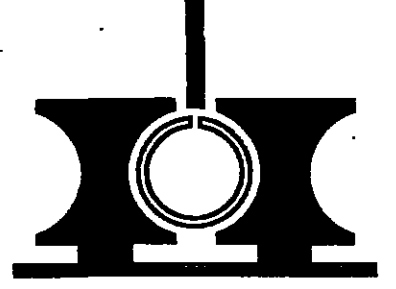
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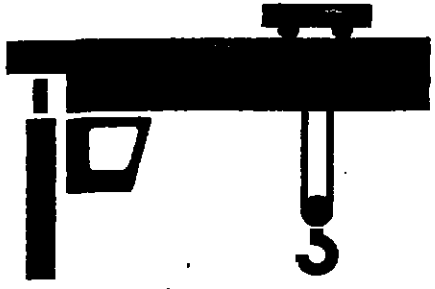
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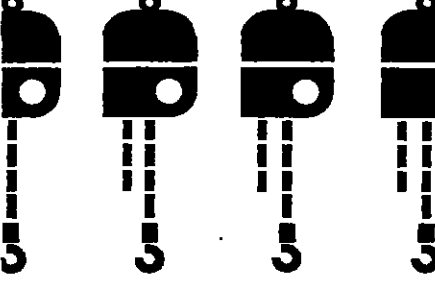
Rolling Mill Technology
Rolling mills for beams, sections and wire-rod; strip and sheet mills.



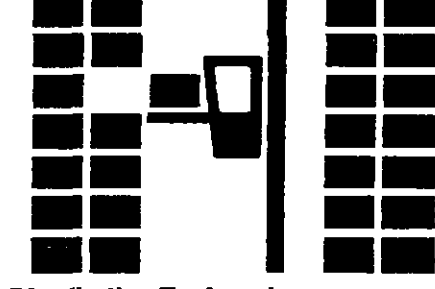
Tube and Pipe Making Facilities
Plant and machinery for the production of seamless and welded tubes. Hydraulic presses.



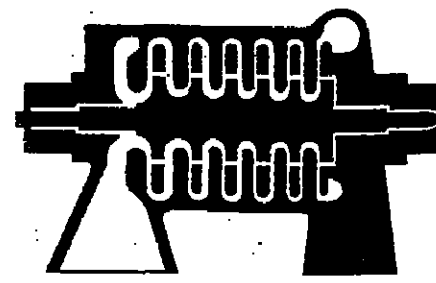
Cranes and Lifting Gear
Overhead cranes, suspension cranes, steel mill cranes, KBK (modular crane construction) and suspension track systems.



Components
Drive engineering and control systems, electric lifting gear, standard crane components and load lifting attachments.



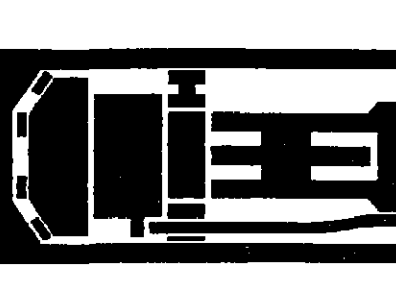
Distribution Engineering
Handling systems, high-bay warehouses, storage and distribution systems. Complete planning and turnkey construction.



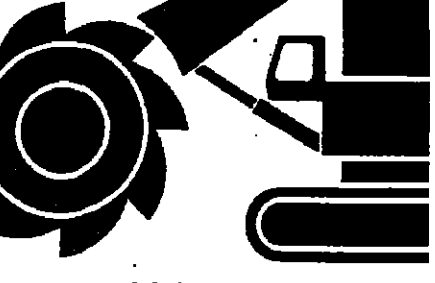
Compressors
Centrifugal compressors or positive displacement machines for air, gases and gas mixtures.



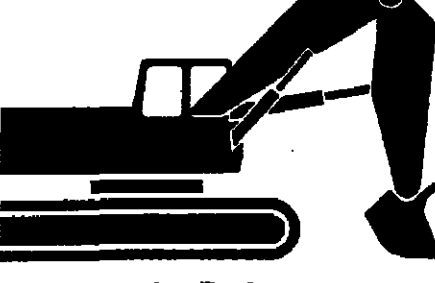
Compressed Air Systems
Compressors, pneumatic tools and equipment for the building trade and industry in general. Compressed air systems.



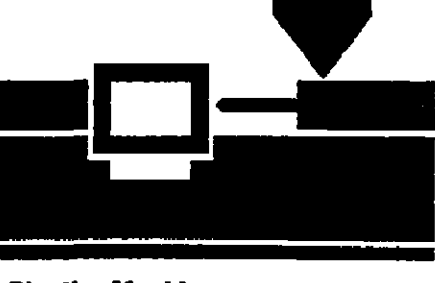
Mining and Tunnelling
Mining and tunnelling machines for hard and soft rock. Air motors.



Bulk Materials Handling
Bucket-wheel excavators and stacker-reclaimers for handling or rehandling ore, coal, oil sand and minerals. Belt conveyor systems.



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Britain Posts Record Surpluses

From Wire Dispatches
LONDON, May 15—Britain today announced record surpluses, far exceeding most expectations, on its trade and current-account balances for April.

The country's visible trade surplus was a record £236 million last month, compared with a revised deficit of £270 million in March and a £146-million deficit a year earlier, the Department of Trade said. The current account was in surplus by a record £336 million against a £170 million deficit a month earlier and an £18-million surplus a year earlier.

A government spokesman said the surplus was "exceptional." A sharp fall in imports and a rise in exports, boosted by precious stone

April Data Held 'Exceptional'

shipments, was largely responsible for the turnaround from March's deficit. Exports totaled £3,004 billion—the first monthly figure above £3 billion—up from £2.83 billion in March and £2,649 billion a year earlier. Imports fell to £2,768 billion, compared with £3,1 billion in March and £2,795 billion in April 1977.

In volume terms, exports rose 4 percent last month, while imports contracted by a substantial 12 percent.

Invisible trade, including such items as insurance, banking and

tourism, showed a provisional surplus of £100 million in April, unchanged from March and compared with a £164-million surplus a year earlier. All figures are seasonally adjusted and most March figures were revised.

In the latest three-month period, Britain's current-account had a surplus of £348 million, compared with a £36-million deficit in the November-January period. The visible balance posted a surplus of £48 million, compared with a £340-million shortfall in the previous three-month span.

Exports rose in the quarter ended April to £8,833 billion from £8,073 billion in the previous period. Imports, meanwhile, rose to £8,785 billion from £8,413 billion in the three months ended January.

Invisible trade over the period recorded a surplus of £300 million, compared with a £304-million surplus in the prior three months.

The £306-million turnaround in Britain's visible trade balance was described as "pretty amazing," by the spokesman, who noted the continuation of "erratic" month-to-month fluctuations in the figures.

Imports, for instance, were considered "erratically high" in March, though the April total may be on the "low side," he said.

A drop in imports of fuel and semi-manufactured goods, plus so-called "erratic items," accounted for about two-thirds of the £332-million decline in imports, the government estimated. Erratic items include precious stones—which accounted for 3.25 percentage points of the 4 percent increase in export volume—installations, ships and aircraft. Other imports also showed declines "pretty well across the board," the spokesman added.

Britain's oil trade deficit narrowed for the fourth successive month to £115 million from £208 million in March and December's record £275-million deficit. Although crude exports actually slipped last month, imports fell by £62 million to £285 million.

Retail sales volume index for April was a provisional 106½, the department also reported. The provisional index, which is given to the nearest half point, was down from the March index of 107 but up from 102.3 a year earlier. The department said retail sales were little changed last month from the first quarter when the index stood at 106.3. The index is seasonally adjusted and based on 1970 equals 100.

McDonnell Douglas Seeks Partnership With British

NEW YORK, May 15 (NYT)—McDonnell Douglas has proposed a full partnership with British Aerospace on a plane called the "Advanced Technology Medium-Range Transport," which will directly rival the new Boeing 767. In addition, McDonnell has offered to assist the British in marketing the proposed HS-146, which seats 70 to 100, and to eventually work on a second-generation supersonic airliner.

Right now McDonnell seems to have an edge on its two U.S. rivals, Boeing and Lockheed, for the British partnership, but the Europeans are not sitting idly by. Lord Beswick, chairman of British Aerospace, has told the U.S. concerns of being so preoccupied with negotiations with the French in recent months that he has not been able to talk.

Boeing, Lockheed and McDonnell are not without their problems, to be sure. But their quest for this partnership would, on the face of it, appear to be an incongruous situation.

The aircraft the three companies are talking to London about are of the short-range variety, up to about 1,500 miles, perfect for the European market. Their chances of selling that market, however, are problematical—European-built competitive aircraft benefit from special government financing, unlike U.S.-made airliners.

now hopes to cash in. But some British officials worry whether the company has the financial strength to be a reliable, long-term commercial aircraft partner.

Lockheed expects profits this year of \$544 million, the same as last year's, when sales totaled \$3.3 billion.

McDonnell's chances for success look decidedly better. The company does not have Boeing's financial strengths, nor Lockheed's weaknesses, and this appeals to the British. In addition, McDonnell has a very extensive customer list and a high-technology contender in the DC-10, is in sound financial condition, but fully stretched by its current programs.

Orders for a new 155-seater DC-9 "Super 80" aircraft already total \$400 million that will be ready for delivery in 1980. In addition, the company is planning a so-called stretched version of its wide-bodied DC-10. It simply does not have the resources to add to this stable now by building on its own a rival to Boeing's new products—and herein lies the base for a British partnership.

British Skittish

To the British, a partnership with a U.S. giant would seemingly provide much needed work for British Aerospace and put that company on the road to profits. But the British have been skittish, to the dismay of the U.S. companies.

In fact, London may well let political considerations outweigh practical matters. The British are under pressure to form a partnership with the European consortium, Airbus Industrie, led by the French and West Germans, and they may wish to be seen as a genuinely European nation. As the consortium has pointed out, Britain's participation is important to creating a strong European aircraft industry, essential to a strong European military defense. And there is some substantial feeling in London that if the British go European, they will be part of a long-term, on-going relationship, whereas a partnership with a U.S. company on a particular project might well be simply a one-shot arrangement.

As all parties to these maneuverings are very much aware, the airlines want faster, more fuel-efficient planes to replace their generally aging fleets. Each of the rival manufacturers intends to meet these airline needs but only Boeing has the financial muscle to alone build a series of new aircraft. But even for this company, costs will be a factor. Investment expenditures are expected to range from \$1-to-2 billion.

The company's first quarter net income rose 60 percent to \$45.2 million on sales that gained 35 percent to \$1.02 billion. Boeing's chairman, T.A. Wilson, predicts sales for all of this year will be more than \$1 billion above 1977's \$5 billion.

Meanwhile, Lockheed has forged a good relationship with the British through use of Rolls-Royce engines on its TriStar L-1011 planes and

Steel Share Traded for Brussels Aid

BRUSSELS, May 15 (AP-DJ)—Belgium will acquire major interests in the domestic steel industry, trade union sources report.

At a meeting with trade union leaders a week before a tripartite conference with steel companies, Economics Minister Willy Claes, who was accompanied by Premier Leo Tindemans, told the trade unions that Cockerill, Hainaut-Sambre and Thy-Marcinelle, et Monceau are financially troubled and that they need massive financial help, which the state will give in exchange for interests in the companies.

He said the state would acquire a majority interest in Cockerill by 1982. By 1980 it would have 37 or 38 percent of Hainaut-Sambre and about 30 percent of Thy-Marcinelle et Monceau.

Mr. Claes added that Cockerill would get an immediate 1-billion franc loan and Hainaut-Sambre, a 400-million-franc loan. The total of \$8 billion to 59 billion francs (about \$1.75 billion) to be loaned over about 10 years by the state to the steel industry would be converted into shares owned by the state, Mr. Claes said.

He confirmed an agreement had been reached with the Luxembourg- and Saarland-based but mainly Belgian-owned Arbed Steel, Cockerill and the Belgian steel group Frere et Charleroi on restructuring the steel industry.

Mr. Claes said very few workers would be laid off and early and voluntary retirement would be subsidized by the state. The state would also finance replacement jobs. It was reported that 7,000 to 8,000 steelworkers would lose their jobs—about 20 percent of the total labor force in the steel industry.

ITT Units Cited In Filing by SEC

WASHINGTON, May 15 (AP-DJ)—Those International Telephone & Telegraph subsidiaries that do not want to turn over questionable-payment records to the U.S. government and apparently based in West Germany, Belgium and Spain.

Papers filed recently by the Securities and Exchange Commission in federal court here suggest that the holdouts are Standard Elektrik AG of West Germany, Bell Telephone Manufacturing, Belgium, and Standard Electrica, Spain—all major communications-equipment manufacturing subsidiaries of ITT on the continent.

ITT has been fighting SEC plans to issue a complaint against it that would identify the subsidiaries and payoffs made by them in third countries. But until now there had not been any clue as to which ITT subsidiaries were involved. The company contends that the information in the SEC complaint might hurt sales of the subsidiaries and prompt governments in the countries where they are located to force a takeover by local nationals as a way to protect the jobs of the subsidiaries' employees.

A hearing on an ITT motion to have the court keep the SEC charges secret is scheduled May 26.

Company Reports

Revenue, Profits in Millions of Dollars

American Stores		Carrier Corp.	
1977	1978	1977	1978
4th Quarter	974.50	583.30	339.40
Revenue	9.65	29.10	15.20
Profits	1.82	1.04	0.60
Per Share			
Revenue	3,730.00	944.80	589.20
Profits	26.60	40.20	20.90
Per Share	5.03	1.44	0.83

Brazil Wheat Import Seen Rising in 1978

WASHINGTON, May 15 (AP-DJ)—Brazil may be forced to import as much as 4.5 million tons of wheat this year to help make up for its disappointing 1977 harvest, the U.S. Agriculture Department said.

Brazil imported about 2.8 million tons of wheat last year. The agency said that U.S. wheat imports may rise to three million tons, more than Brazil bought from all countries in 1977. "But the high level of purchases of U.S. wheat in 1978 can be taken as no trend setter, since in the past Brazil's imports of U.S. wheat have fluctuated widely," the report said.

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Carter Yields to Pressure Over Tax Cuts

By Clyde H. Farnsworth
WASHINGTON, May 15 (NYT)—The Carter administration was bowing to the inevitable in sealing back and postponing a tax cut that was intended to keep the economy from spinning into a recession this year. Congressional budget and tax-writing committees had already acted to trim the package.

One of the forces in the background was the chairman of the Federal Reserve Board, William Miller, playing an unusually strong role in his appeal for fiscal restraint.

But there were other reasons for the administration's second major change in tax policy in 13 months. As was the case with the spiking of the \$50 rebate last year, the economy was simply performing too well for additional fiscal stimulus.

This year, the reasons are mysterious. Output figures are too weak to justify the employment gains, say government economists. Employment has risen and unemployment has fallen—against a declining growth rate—by amounts larger than almost anyone expected a few months ago.

There were 93.8 million employed last month—4 million more than in April 1977. Never before in peacetime have there been such employment gains in a 12-month period. Joblessness fell to 6 percent, a 9-month low. This is below even the 6.2 percent the administration projected for the end of this year. The gross national product rose by 7.5 percent, 6.2 percent, 5.1 percent and 3.8 percent in the four quarters

Miller Sees Fed's Policies Unchanged in 2d Quarter

By William J. Eaton
HOT SPRINGS, Va., May 15—William Miller, Federal Reserve chairman, noting that President Carter's action to trim and delay a proposed tax cut would reduce pressure for higher interest rates later this year, said the Fed was likely to stick by its tighter money policy during an "unusually strong" second quarter.

Mr. Miller made the remarks at a news conference here over the weekend after telling the Business Council that "things are looking up for the dollar."

He welcomed the decision to seek a tax cut of less than \$20 billion effective Jan. 1, instead of \$25 billion starting Oct. 1, as the president had first requested. Since the change would bring down the federal deficit in the next fiscal year by an estimated \$10 billion, he said, it was a "constructive step" in fiscal policy.

The decision on the tax proposal, Mr. Miller asserted, would not affect current Fed policy. The third quarter should bring a more balanced position in the monetary structure, he felt, which would allow the Fed to consider an easier money policy.

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News Analysis

effectiveness of job creation programs.

A public service employment program put 400,000 persons to work in 1977 at a cost of \$4 billion. Public works and youth unemployment programs have caused further declines in joblessness.

Specially focused programs provide little clue, however, to the correlation between employment and output gains.

"The economy is much closer to capacity ceilings than the administration has assumed," says Norman Robertson, senior vice president and chief economist of the Mellon Bank in Pittsburgh.

For policy reasons, he says, the government has a tendency to underestimate the economy's strength and exaggerate its weakness. It is politically more popular, he says, to stimulate than to cut back.

Leon Taub, an economist with Chase Econometrics, agrees, noting also there has already been "hoarding" of labor in a tightening market for skilled and professional workers because of the anticipation of greater output.

Commerce Department figures show that order backlogs have expanded substantially. A sharp upturn in ordering began about last September. In the six months since then, new orders have risen at an annual rate of 31 percent, compared with 4 percent in the previous six months. Unfilled orders have increased by 26 percent, against 6 percent productivity.

Companies have been hiring more to offset declining growth in output per worker, according to these economists. Largely reflecting the coal strike and bad weather conditions, productivity fell in the first quarter.

Though no one fully understands just why it has happened, the employment gains give the administration greater latitude to deal with inflation. Even George Meany, president of the AFL-CIO, now grudgingly admits that inflation "at this moment, on this day, is the big problem."

But the Carter administration action really shows the growing influence of Mr. Miller, who as soon as he took the helm at the central bank in March, began a crusade for budget restraint.

Supreme Court Backs Decision In Uranium Suit

WASHINGTON, May 15 (UPI)—The Supreme Court, in a dispute which raised problems between the United States and Canada, refused today to review a state judge's decision against General Atomic and in favor of United Nuclear Corp.

United Nuclear had sued to void General Atomic contracts charging that the Gulf Oil subsidiary had inside knowledge through its Gulf Canadian affiliate that uranium prices would rise.

The system, however, will not establish uniform procedures that banks must follow in deciding whether to make a foreign loan. The regulators also agreed it would not be wise for them to assign credit ratings to countries or establish a list of high-risk countries that banks must avoid.

U.S. to Monitor Banks' Foreign Loans

NEW YORK, May 15 (AP-DJ)—U.S. bank regulators, responding to continued concern about the soundness of international lending by U.S. banks, have agreed on the outline of a new supervisory approach to foreign lending.

The new system, as described in a publication issued today by the Federal Reserve Bank of New York, is designed to spotlight unusually large concentrations of credit in foreign lending. It is also aimed at improving banks' internal procedures for monitoring and controlling their international-loan exposure.

The system, however, will not establish uniform procedures that banks must follow in deciding whether to make a foreign loan. The regulators also agreed it would not be wise for them to assign credit ratings to countries or establish a list of high-risk countries that banks must avoid.

"Actions of bank supervisors are not intended to result in the channeling of credit flows toward or away from specific countries or to lead to large disruptions of credit flows," the report says. "In any case, there is no reason to believe that assessments about countries by bank supervisors would always be better than those of commercial banks."

Ronald Gray, a vice president of the New York Fed, said in an interview that the new system is comparable to one that is already being used by the New York Fed on a trial basis. He added that implementation of the program throughout the entire Federal Reserve system is awaiting final approval by the Board of Governors.

The data to be compiled under the new approach would enable bank examiners to evaluate the amounts, locations, maturities and types of claims a bank has abroad. The new system would also make it easier to compare the exposure levels of a bank with its capital, "suggest areas for further analysis," and bring greater uniformity to the data-collection process.

"A broad measure of agreement" on the essentials of the system has been reached among the Fed, the Controller of the Currency and the Federal Deposit Insurance Corp. The restructured supervisory approach "should be capable of uniform application" throughout the banking system, the article says.

Details of the new supervisory approach "are still being developed and discussions among the federal supervisory agencies are continuing," the Fed article says. "There is every reason to hope that before long the technical groundwork will be completed and a new approach fully implemented."

Japan's Steel Output Up

TOKYO, May 15 (Reuters)—Japan's crude steel production in April rose 1.2 percent to 8.37 million tons, up from 8.27 million tons in March, but fell 2.6 from 8.54 million tons in April last year, according to the Japan Iron and Steel Federation. Output of rolled-steel products in April fell 1 percent to 6.3 million tons.

FINANCIAL NEWS AND NOTES

Petro-Lewis to Acquire Shenandoah

Petro-Lewis Corp. plans to acquire all the assets of Shenandoah Oil Corp., subject to the concern's liabilities, for over \$320 million, a jointly announced letter of intent says. The companies say the price will be an amount sufficient to provide a net cash payment of \$42.25 for each of the 3,224,599 Shenandoah shares outstanding if the purchase is completed by Aug. 31. If the purchase is closed thereafter, the price would be increased by an amount equal to simple interest at 8½ percent. The \$320-million figure includes the value of Shenandoah's assumed liabilities. The acquisition is subject to a definitive contract between the companies and approval by holders of two-thirds of Shenandoah's common at a vote expected in July.

France Wins Caracas Metro Contract

A French government consortium headed by the Societe Generale de Techniques has been awarded a \$249-million contract for rolling stock for the Caracas Metro in a hotly contested competition among eight international bidders that began over a year ago. Two U.S. companies, Westinghouse Electric and Pullman-Standard, headed losing consortiums. The contract calls for supplying the country 242 air-

Leyland to Import Belgium Minis

British Leyland says it will import 10,000 Minis, its popular small car model, from its plant at Senefelt, Belgium, because it has little hope of meeting an expected boom in demand. The import plan is a one-time operation to stop potential customers from buying other makes during the traditionally boom-month in car sales in August, a spokesman says, noting the company's Longbridge plant is only producing half its weekly quota of 3,000 Minis.

Stocks Gain After Late NYSE Rally

Dow Rises 6.06 In Active Trade

NEW YORK, May 15 (Reuters)—Prices on the New York Stock Exchange staged a late rally to close higher in active trading, overcoming profit-taking that had depressed prices most of the day.

Analysts said the gain was impressive in the face of further credit tightening widely expected in Wall Street to emanate from tomorrow's Federal Reserve Open Market Committee meeting.

The Dow Jones industrial average, down earlier in the day and up only 0.34 at 3 p.m., finished at 846.76, up 6.06. Advances led declines 797-to-608 and volume fell to 33.89 million shares from 46.6 million shares Friday.

Prices were higher on the American Stock Exchange with the index gaining 0.35 to 142.92.

Analysts said the market continues to exhibit resiliency, refusing to fall in the face of what would normally be bearish news about inflation and interest rates. They add, though, investors are nervous about whether to continue buying or take their profit and retreat to the sidelines.

Active American Telephone & Telegraph gained ½ to 62½, IBM 3½ to 266½, Teledyne 2½ to 100½ and Bausch & Lomb 1½ to 51½.

Sears Roebuck was most active and off ¼ to 24½ after it estimated first-quarter earnings will decline from year-earlier levels.

U.S. auto makers' shares rose after they reported a 9.6-percent rise in early-May sales. Active General Motors added ½ to 63½, Ford ¼ to 50½ and Chrysler ¼ to 11½.

In Chicago, wheat and corn closed substantially higher, oats higher and soybeans irregularly higher on the Board of Trade.

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Markets Closed

Stock markets, banks and businesses were closed Monday in Switzerland, Belgium, Luxembourg, France and West Germany due to a holiday.

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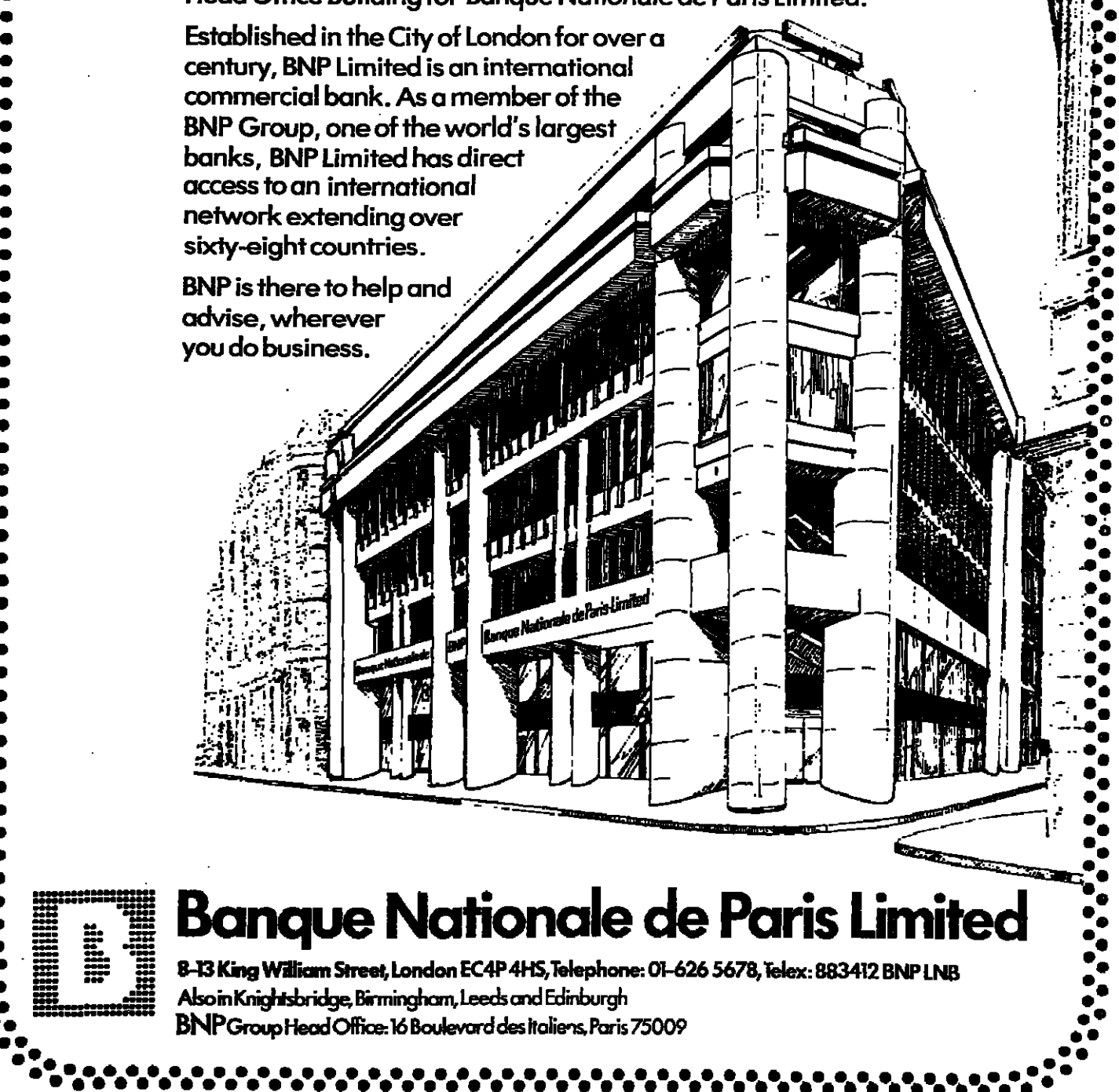
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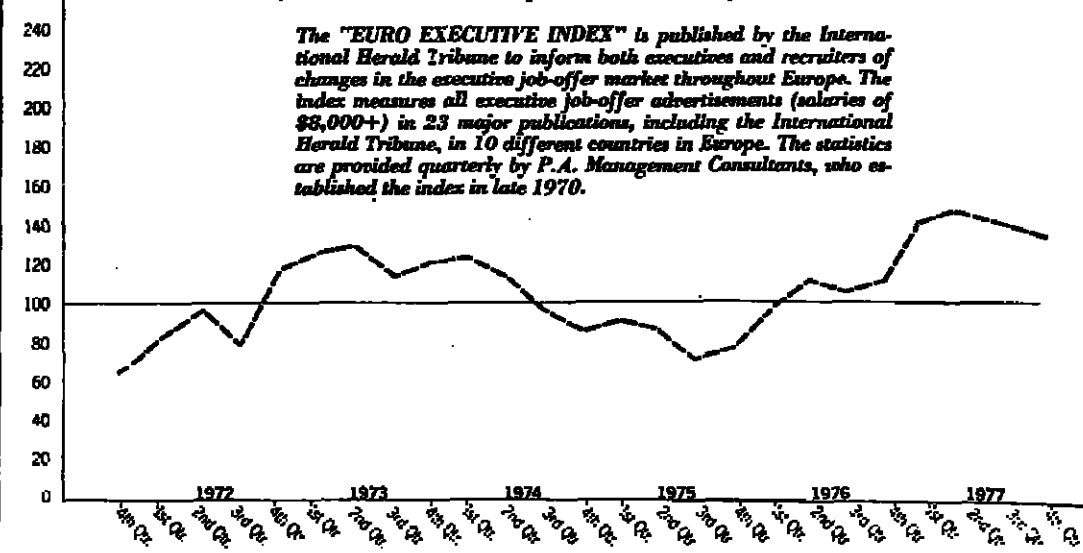
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Cubs Beat Dodgers in 15 Innings

LOS ANGELES, May 15 (AP)—Dave Kingman hit three home runs, his third breaking a 7-7 tie in the 15th inning, and knocked in eight runs to lead the Chicago Cubs to a 10-7 victory over the Los Angeles Dodgers yesterday.

Kingman's first homer, in the sixth inning, was a two-run shot off Los Angeles starter Doug Rau. His second, a 430-foot drive, came with two outs in the top of the ninth to tie the game after the Dodgers had scored twice in the bottom of the eighth.

In the Chicago 15th, with Rich Rhoden, the sixth Dodger pitcher, on the mound, Mick Kelleher singled with one out and Steve Ontiveros walked. After Bill Buckner forced Ontiveros, Kingman connected. The left fielder has four home runs in his last eight at-bats and seven for the season.

Giants 5-4, Cardinals 4-3

At San Francisco, Terry Whitfield, whose home run with two outs in the bottom of the 12th inning won the first game, doubled

and scored the game-winner in the 10th inning of the nightcap as San Francisco Giants completed a 5-4, 4-3, doubleheader sweep of St. Louis.

Pirates 1, Padres 0

At San Diego, Don Robinson, a 20-year-old rookie right-hander, pitched a four-hitter to outduel Randy Jones and Pittsburgh scored an unearned run in the sixth inning to defeat San Diego, 1-0. Robinson (3-1) struck out seven, three in a row in the first inning when the Padres mounted their only serious

threat, and did not walk a batter in posting his first shutout.

Braves 2, Expos 1

At Montreal, Dick Giambrea doubled home Rowland Office with the winning run in the seventh inning to give Atlanta a 2-1 victory over Montreal behind the eight-hit pitching of Dick Ruthven. With the score tied, 1-1, Cito Gaston singled off loser Rudy May to open the seventh inning and Office, sent in as a pinch runner, was sacrificed to second base by Biff Pocoreba. Giambrea followed with his double to score Office.

Orioles 3, Rangers 2

At Arlington, Texas, Lee May's two-run homer with one out in the top of the ninth inning rallied Baltimore to a 3-2 victory over Texas. May drilled his eighth homer into the left-field stands after Ken Singleton singled and Eddie Murray hit into a force out.

Royals 10, Yankees 9

At Kansas City, Amos Otis hit the game's 10th double after failing to sacrifice in the ninth inning, scoring Clint Hurdle and giving Kansas City a 10-9 victory over New York. Hurdle, who drove in three runs, began the uprising with a double off Ken Clay, the third Yankee pitcher. Darrell Porter, who homered and also drove in three runs, was given an intentional walk before Otis delivered his winning hit.

Angels 4, Indians 3

At Cleveland, California scored three runs on one hit in the eighth inning. Tony Solaita's two-run pinch single — and Frank Tanana won his sixth game as the Angels scored a 4-3 victory over Cleveland. Tanana (6-1) allowed seven hits in 8½ innings and blanked the Indians until the ninth, when he needed help from Paul Hartzell.

Brewers 5, White Sox 4

At Chicago, Don Money drove in two runs with a pinch double in the seventh inning to lift Milwaukee to victory over Chicago.

Red Sox 6, Twins 2

At Bloomington, Minn., Fred Lynn hit a three-run homer and Carlton Fisk added another and a run-scoring double to power Boston to a 6-2 triumph over Minnesota and their 10th victory in 11 games. Lynn's fifth-inning homer came on the first pitch by reliever Mac Scarce after the Red Sox had chased starter Paul Thomsdgaard on a bunt single by Jerry Remy, a single by Vastyrzinski and Fisk's RBI double.

Tigers 15, A's 0

At Detroit, Bob Sykes fired his second consecutive four-hit shutout and Jason Thompson, Lou Whitaker and Ron LeFlore drove in three runs each as Detroit defeated Oakland, 15-0, with a 20-hit attack. Thompson singled in the opening inning off loser Pete Broberg (4-2) after a double by Rusty Staub. His second RBI came on a sacrifice fly in the sixth off Rick Langford and the third on a homer in the seventh, eighth off Dave Heavelford after Staub led off with a home run. Staub drove in another run later in the inning with a grounder.

Sunday's Baseball Line Scores

AMERICAN LEAGUE					NATIONAL LEAGUE				
Oakland	000	000	000	4	Cincinnati	100	000	000	9
Detroit	121	011	172	15	Philadelphia	200	000	100	7
Braves, Lamford (12), Hoovers (18) and					Houston, Murray (4), Borbon (7) and Bench:				
Sykes, 2-0; L. Hays, 4-2; H.R.—Detroit, 10; St. Louis (2), J. Thompson (8).					Christensen, Reed (7) and Bench: W.—Christensen, 3-2; L. Hays, 2-5; H.R.—Philadelphia, Schmidt (7), Heiser (4), Luciani (1).				
Milwaukee 000 200 200—7 0					Atlanta 100 000 100—2 7 0				
Chicago 000 000 000—0 0 0					Montreal 100 000 000—1 0 0				
Caldwell and Martinez, Moore (7), Barrios, Willingham (7) and Nohrby (10); W.—Caldwell, 3-2; L. Hays, 1-3; H.R.—Milwaukee, Oltivis (5).					Rathven and Pizarro: Mov. Atkinson (8) and Carter, W.—Rathven, 2-4; L. Hays, 2-4; H.R.—Atlanta, Aseltine (1).				
Chicago, Lemon (2).					Pittsburgh 000 001 000—1 5 1				
Cleveland 000 010 000—0 1 0					San Diego 000 001 000—0 1 2				
Tanner, Hartzell (9) and Humphrey; Hoot, Kintner (8), Kern (8), Fitzsimmons (8) and Pruitt.					D. Robinson and Ott; R. Jones, Lee (9) and Sweet, W.—D. Robinson, 3-1; L. Hays, 2-5.				
St. Louis 000 000 000—0 0 0					First Game				
Cincinnati 000 000 000—0 0 0					St. Louis 000 000 000—0 10 0				
St. Louis 000 000 000—0 10 0					San Francisco 000 110 000—0 5 2				
New York 000 000 000—0 10 0					Denny, Schultz (8), Vuckovich (11), Little (11) and Simmons; B. McGlothlin (11), Moffitt (11) and Curtis (8), Williams (10), Lovell (11) and Hill, W.—Lovel, 3-2; L. Hays, 1-3; H.R.—San Francisco, Clark (8), Little (12), Whitfield (4).				

The Major League Standings

NATIONAL LEAGUE					AMERICAN LEAGUE				
Philadelphia	17	14	.547	1st	Philadelphia	17	14	.547	1st
Atlanta	17	14	.547	2nd	Atlanta	17	14	.547	2nd
St. Louis	16	14	.533	3rd	St. Louis	16	14	.533	3rd
San Francisco	16	14	.533	4th	San Francisco	16	14	.533	4th
Los Angeles	16	14	.533	5th	Los Angeles	16	14	.533	5th
San Diego	16	14	.533	6th	San Diego	16	14	.533	6th
Montreal	16	14	.533	7th	Montreal	16	14	.533	7th
Chicago	16	14	.533	8th	Chicago	16	14	.533	8th
Pittsburgh	16	14	.533	9th	Pittsburgh	16	14	.533	9th
New York	16	14	.533	10th	New York	16	14	.533	10th
Senders' Games					Senders' Games				
Philadelphia	7	14	.547	1st	Philadelphia	7	14	.547	1st
Atlanta	7	14	.547	2nd	Atlanta	7	14	.547	2nd
St. Louis	7	14	.533	3rd	St. Louis	7	14	.533	3rd
San Francisco	7	14	.533	4th	San Francisco	7	14	.533	4th
Los Angeles	7	14	.533	5th	Los Angeles	7	14	.533	5th
San Diego	7	14	.533	6th	San Diego	7	14	.533	6th
Montreal	7	14	.533	7th	Montreal	7	14	.533	7th
Chicago	7	14	.533	8th	Chicago	7	14	.533	8th
Pittsburgh	7	14	.533	9th	Pittsburgh	7	14	.533	9th
New York	7	14	.533	10th	New York	7	14	.533	10th

Transactions

BASEBALL
BALTIMORE ORIOLES—Recalled Andre Marz, outfielder, from Rochester of the International League.
HOUSTON ASTROS—Recalled Carlos Zamora, pitcher, from Charleston of the International League. Placed Gene Pentz, pitcher, on the 21-day disabled list Saturday.
NEW YORK METS—Recalled Jim Fregosi, pitcher, from Rochester of the International League.
NEW YORK YANKEES—Recalled Jim Fregosi, pitcher, from Rochester of the International League.
NEW YORK YANKEES—Recalled Jim Fregosi, pitcher, from Rochester of the International League.

What the Mets Didn't Teach Tom Seaver

By Dave Anderson

PHILADELPHIA, May 15 (NYT)—Wherever he goes now, Tom Seaver faces an inquisition. What's wrong? Why isn't baseball's best pitcher winning for the mighty Cincinnati Reds, why does he have a 1-4 won-loss record after eight starts, why does he have a 5.79 earned run average, why has he been battered for 10 homers in only 42 innings? Critics assume he is hiding an arm injury, but he insists that he is not. Physicians have detected flaws in his delivery as he hurries his pitches, which he acknowledges. But linked to his tendency to hurry his pitches is his unfamiliarity with being on a team that is expected to be fighting for first place this early in the season. Not that he cannot cope with that responsibility. But he has not adjusted to it yet.

Misplaced Optimism

Over the winter, optimists were talking about Tom Seaver winning 30 games for the Big Red Machine this season. 25 wins. He will be fortunate to win 20 now. The psychology involved in pitching for the Reds is completely different than pitching for the Mets, whose two National League East titles in 1969 and 1973 developed in September when nobody was looking. In contrast, the Reds start every season with everybody watching, especially the Los Angeles Dodgers, their annual rival for the National League West title.

Tom Seaver had a 14-3 record after joining the Reds last June, but the psychology was different. The Reds never challenged the Dodgers' lead in the season. This year Tom Seaver knew his role — to get the Reds off to a winning start. Instead, he has been in a tailspin.

Perhaps another reason for Seaver's egress is that this is his season to justify a multimillion-dollar contract. He is making an estimated \$250,000 with the Reds this season, the last of a three-year contract with an option for next season. When the current season ends, he will seek a new contract. How high the Reds will be willing to go in negotiations will depend on how successful he is this season, and how successful the team is.

"Tom's the best I've ever seen at not taking one game to another," says Bud Harrelson, his former Mets' roommate who is the Phillies' reserve shortstop. "But this must be a difficult time for him."

The most difficult time occurs on road trips when the news media inquisition occurs in each city. And there are other reminders — the sympathetic phone calls from other players, the hundreds of fan letters. Nolan Ryan and Jerry Koosman, once his teammates on the Mets' pitching staff, have phoned him. So has Reggie Jackson, so have his parents.

"I just got so jacked up over the winter," he said. "I got so excited, I want to win the pennant in one day."

Seaver's first home run, in the sixth inning, was a two-run shot off Los Angeles starter Doug Rau. His second, a 430-foot drive, came with two outs in the top of the ninth to tie the game after the Dodgers had scored twice in the bottom of the eighth.

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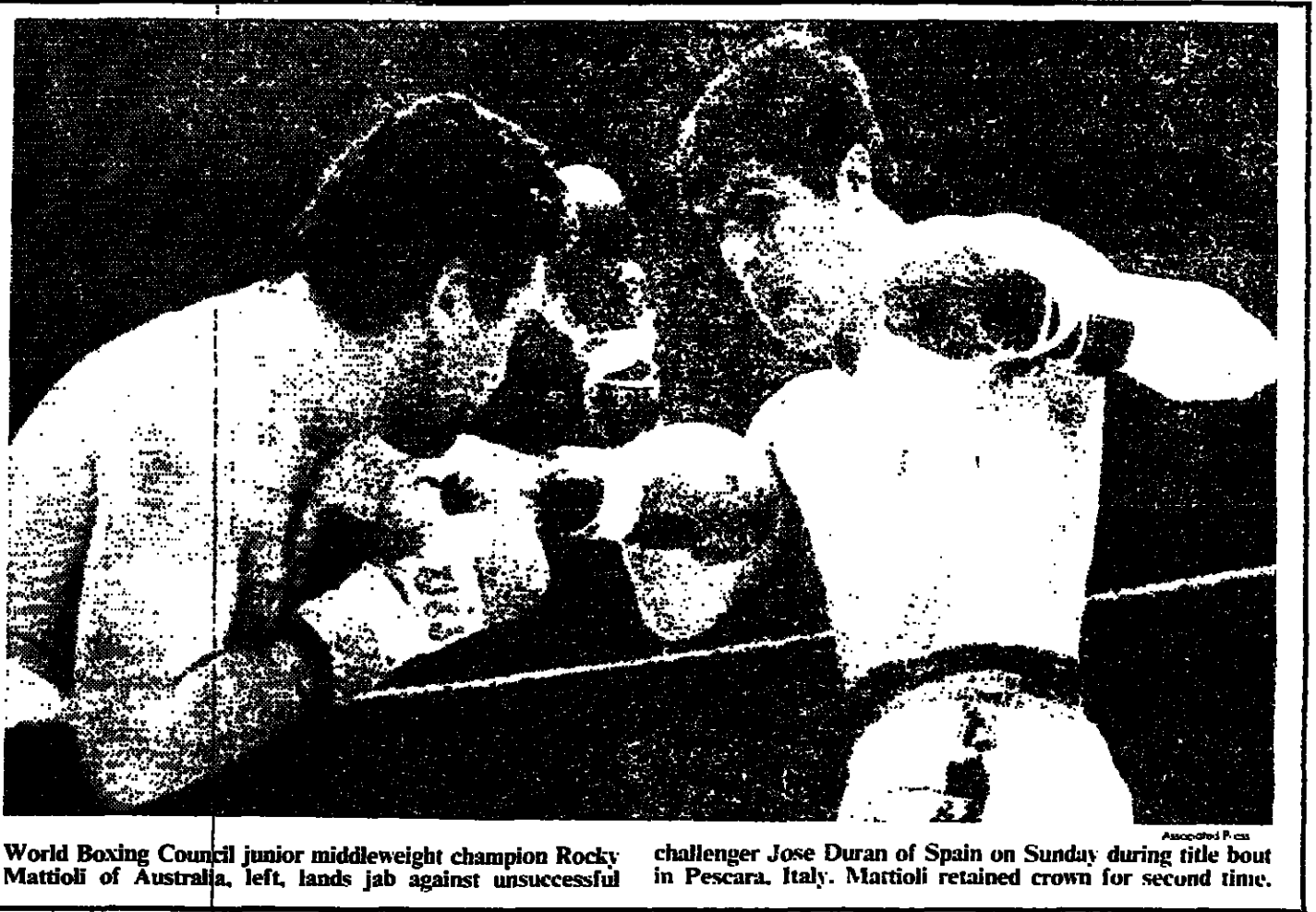
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World Boxing Council junior middleweight champion Rocky Mattioli of Australia, left, lands jab against unsuccessful challenger Jose Duran of Spain on Sunday during title bout in Pescara, Italy. Mattioli retained crown for second time.

Gerulaitis Defeats Dibbs in Cup Tennis Final

DALLAS, May 15 (WP)—Vitas Gerulaitis gave a one-man command performance yesterday, mauling the Australian Open title holder and Eddie Dibbs, 6-2, 6-2, 6-1, in the title match of the World Championship Tennis finals.

The flamboyant 23-year-old New Yorker served well, volleyed with exceptional facility and touch, and outplayed the usually tenacious Dibbs from the backcourt. His father, Vitas Sr., the former Lithuanian Davis Cup player who taught him the game, and former Australian David Cup captain Harry Hopman, who coached him as a teen-ager at Port Washington, N.Y., watched as Gerulaitis captured his third important title of the last 12 months. He won the Italian and Australian Open titles last year.

This was the first time in the eight years of this prestigious final playoff for the top eight finishers in a series of WCT-promoted tournaments that the title was decided in straight sets. Gerulaitis needed only one hour, 35 minutes to add his name to those of previous winners inscribed on the gleaming gold championship trophy: Ken Rosewall (1971-72), Stan Smith, John Newcombe, Arthur Ashe, Bjorn Borg and Jimmy Connors.

Gerulaitis lost his serve only once, in the first game, miffing two three-volleyers around the first of his three double faults. Dibbs then held his serve, with the aid of three Gerulaitis errors, after two unforced errors had put him at 0-30.

Thereafter Gerulaitis purged the mistakes from his game, while Dibbs continued to be surprisingly flat and ragged.

Gerulaitis broke at 15 to get back to 2-2, threading the needle with a forehand down-the-line pass off a low backhand down-the-line volley after drawing Dibbs in with a backhand cross-court shot.

After that, Gerulaitis only had two break points against him — at 30-40 in the seventh game of the first set and the second game of the third — and lost only 16 points in all on his serve.

Denver Defeats Seattle to Stay in Series

DENVER, May 15 (AP)—David Thompson, regaining his shooting touch and his confidence, scored 35 points to lead the Denver Nuggets to a 123-114 victory yesterday over the Seattle SuperSonics in their National Basketball Association semifinal playoff series.

The triumph reduced the Sonics' lead to 3-2 in the best-of-seven Western Conference finals. The next game will be played Wednesday night in Seattle, and, if necessary, a deciding game would be played Friday night in Denver.

The winner of the series meets the Washington Bullets in the championship round, which begins Sunday at the home of the Western champion.

Denver got its fast break working in the early stages, opening a 29-18 lead late in the first quarter. The Nuggets padded the margin to 19 points, 49-30, midway through the second quarter and led 61-44 at intermission.

Seattle exploded in the third quarter, scoring 17 of the last 21 points in the period to pull within 5 points. Thompson's basket to open the final quarter gave Denver some breathing room, and basketball's \$4 Million Man later scored on a 3-point play for a 97-87 edge.

The Sonics got within 113-108 after 4 straight points by John Johnson with two minutes left, but Thompson countered with a jumper and the Seattle threat ended.

Denver center Dan Issel scored 27 points and pulled down 10 rebounds as the Nuggets held a 55-40 rebounding edge over the taller Sonics.

3 Cup Fans Wounded

BUENOS AIRES, May 15 (Reuters)—Three men were wounded today when police fired on an unruly crowd waiting to buy tickets to the World Soccer Cup, reports said.

Spain Wins Nations Cup

DUESSELDORF, May 15 (UPI)—Jose Higueras and Manuel Orantes led Spain to victory over Australia today in the \$200,000 Nations Cup tennis tournament.

Higueras defeated John Newcombe, 6-2, 6-3, and Orantes beat Phil Dent, 6-3, 6-4, in single competition to give Spain an unbeatable 2-0 lead before a sellout crowd of 7,000 at Rochus tennis stadium.

Spain's victory in the Nations Cup tennis tournament was a significant achievement, as it marked the first time the team had won the trophy since 1966.

The Nations Cup tennis tournament is a prestigious event that attracts top players from around the world. Spain's victory was a testament to their skill and teamwork.

The tournament was held in Dusseldorf, Germany, and was a major event in the tennis calendar. Spain's victory was a significant achievement for the team.

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Focus on

South Korea—1978

Booming Exports and Gains in Diplomacy

Foreign Policy Issues Overshadow Domestic

By Rene Lebowitz

SEOUL (IHT)—The diplomatic clouds hanging over South Korea have begun to show silver linings these past few months. The withdrawal of U.S. ground forces has had to be postponed; once powerful North Korea is experiencing troubles of its own; and relations with the Socialist bloc have been showing signs of improvement.

Had plans gone according to schedule, 6,000 U.S. servicemen would be packing their bags now as part of the plan to pull out 33,000 U.S. ground troops. 15,000 of whom are directly involved in patrolling the Demilitarized Zone north of Seoul.

The withdrawal of ground forces, more than any other issue, has succeeded in driving a wedge between Seoul and its No.1 ally, the United States. But, in a twist of events that can only be termed ironic, President Jimmy Carter has had to postpone one of his most cherished campaign promises. Part of the troop withdrawal package was an agreement that departing U.S. forces would leave behind most of their equipment and that Washington would provide \$1.5 billion worth of sophisticated weaponry to beef up the South Korean Army. But the U.S. Congress has become so sensitive to an issue dealing with aid to Seoul—precisely because of U.S. Justice Department revelations alleging influence-buying by South Korean lobbyists—that the body refused to ratify legislation permitting the sales of arms.

An accord reached between Seoul and Washington last July, however, stipulated that troop withdrawals would be contingent on military equipment and a strengthening of U.S. air and naval forces in the area. Without congressional approval for the arms deal, President Carter had to postpone the whole package.

Guam Doctrine

Although troop withdrawal had been made an issue by President Carter, the policy of having America's Asian allies shoulder a greater proportion of their own defense costs had been clearly enunciated by former President Richard M. Nixon in his Guam Doctrine. Mr. Nixon's statement, made in 1970, was a reaction to America's long and fruitless involvement in Vietnam's civil war. It struck leaders not only in Seoul but in other Asian capitals as the first sign of isolationism in Washington. In a recent visit to the U.S. capital, Japanese Premier Takeo Fukuda added his voice to the chorus of Asian leaders who have expressed concern about American willingness and ability to defend allies in time of crisis.

For South Korea, a country facing a hostile neighbor to the north, the problem has been especially acute. It has been argued that keeping U.S. forces in Korea is expensive and dangerous. President Carter has alluded to Seoul's policy on human rights as yet another reason to withdraw ground forces. However, other U.S. observers have pointed out that the cost of maintaining a division in South Korea is considerably less than keeping the same troops in the United States. To these arguments have been added South Korean voices suggesting that withdrawing the troops would invite North Korea to make the assumption that it can go ahead with another invasion attempt.

Finally, the advocates of American-style democracy may be the saddest to see the departure of U.S. troops. They point out that the announcement of U.S. intentions to leave the area in 1970 was followed by President Park Chung Hee's 1972 emergency decrees limiting personal freedoms and political activities; and they fear that the actual withdrawal may provoke a similar reaction.

Peace

President Park has said that peace is the most important element in South Korean foreign policy. It has been peace that has allowed the nation to build up its miraculously successful economy and it will be through economic strength, many feel, that the South will overwhelm the North. President Park has predicted that the South will be so strong both economically and militarily in the next four to five years that the North will no longer dare to attack.

For this reason, military analysts believe that the danger from the North has never been more apparent than it is now. The North enjoys military supremacy thanks to a strong air force and an army that is run along Stalinist lines. But Pyongyang is experiencing economic and political difficulties. North Korea has defaulted on foreign loans and a succession struggle seems to be causing divisions among President Kim Il Sung's

(Continued on Page 7)



Seoul's south gate, a rampart of the ancient wall, contrasts with the modern city.

Trade: The Need to Keep Imports Abreast of Exports

SEOUL (IHT)—The export boom that brought about South Korea's economic miracle of the 1970s was not the result of mere chance or wizardry—the nation's economists are perfectly aware of export-oriented countries. Already they are making plans to diversify South Korea's markets and upgrade the country's products.

The ingredients for growth are much the same as those that created the Japanese miracle in the last decade: low wages, no strikes and the latest technology incorporated in the most modern plants.

Nonetheless, South Koreans themselves were surprised when their government announced last Dec. 10 that the \$10-billion-per-annum export target had been reached no less than three years ahead of schedule.

Exports for March topped the \$1-billion mark—although the original target had been set at \$930 million—up 32 percent over March 1977. Total exports for the first three months of 1978—\$2.6 bil-

lion—were up 28 percent over the same period a year ago. Letters of credit are also being accumulated at a corresponding rate of increase.

The invasion of foreign markets by South Korean textiles, shoes, wigs, electronic appliances and other light industrial items is continuing. However, the Commerce Ministry announced in early April that the increase in income for the first three months of 1978 was attributable to the brisk performances of chemicals, steel and other products of heavy industry.

The Lion's Share

Light industrial products, which still make up the lion's share of South Korean exports, benefited from the sudden appreciation of the Japanese yen due to Japan's unusually high \$14-billion current account surplus. South Korean economists say they will do everything possible to spur imports to avoid following this particular pattern of Japanese success.

Foreign buyers who could no longer make a profit on expensive Japanese goods turned to Korean products. Items that benefited from the Korean won's peg to the depreciating U.S. dollar were predominantly textiles and footwear, as well as toys, musical instruments and various appliances.

However, Kim Jae Ik, the Stanford-educated head of the Economic Planning Board, is adamant on the need to keep imports abreast of exports. "We are going to have a current accounts deficit of about \$1 billion this year because we have to have imports," said Dr. Kim in an interview. "In the first place we cannot afford to have our trading partners see us only as exporters," he said. South Korea enjoyed a \$500,000 current account surplus in 1977.

But more pressing economic reasons for boosting imports have become apparent in the past year. The country's huge export earnings, plus the remittances of 40,000 South Korean workers overseas

have combined to swell the money supply, causing the inflation rate to climb above the 10-percent point. Foreign exchange holdings reached \$4 billion in 1977.

Cattle

"We need imports to stabilize domestic prices," Dr. Kim said. "We want our people to benefit immediately from our exports."

A recent example of this kind of thinking occurred when the South Koreans imported whole herds of cattle and tons of beef—commodities that nations such as Australia and New Zealand have been trying to sell to far richer Japan with very little success. The move to import beef and livestock was prompted by spiraling domestic prices in South Korea.

Dr. Kim predicted that South Korea's commodity exports for 1978 would be in the neighborhood of \$12.5 billion with imports \$1 billion above that figure.

In order to achieve this goal, the government has announced an im-

port liberalization program. Already 87 items have been put on an automatic approval list while 46 other categories will be tried on an ad hoc basis to be maintained unless excessive imports damage local industries. The latter group will include heavy-duty trucks, forklifts, refrigerators and television sets. The Commerce Ministry estimated the liberalization program will not only result in an increase of imports by \$200 million but will also contribute to the upgrading of the quality of domestic products.

But, while imports are beginning to figure greatly in South Korea's foreign trade policy, exports are the "driving engines" of the nation's growth. Government plans call for an increase in horsepower, as well as a change in direction.

Already South Korea exports of textiles have encountered protectionist barriers in North America and the European Economic Community. Textile negotiations have

(Continued on Page 3)

Workers' Remittances Trade Currency Influx Poses Inflationary Threat

By Robert Y. Horiguchi

SEOUL (IHT)—Fueled by a unique mixture of manufacturing goods and skilled manpower, South Korea's intense export drive is spurring economic growth at a pace matched today only by oil-rich Middle East nations. The nation's development from an agricultural economy at the beginning of the 50s to one that today offers the old everything from socks to

construction workers employed on development projects in Saudi Arabia, Iran, Iraq and other Middle East countries are sending home hundreds of millions of dollars to help reduce South Korea's current account deficit that reached \$300 million in 1977.

Last year, the nation's economy registered a real 10.3 percent growth, while its trade volume increased 28 percent. Its exports topped the \$10 billion mark—four years ahead of schedule—and its foreign exchange holdings by the end of this February were a comfortable \$4.34 billion.

But this soaring influx of foreign currency presently threatens to be much of a good thing for South Korea. As the remittances were exchanged into local currency they caused the domestic money supply to swell by 40 percent in 1977, leading about serious inflationary pressures.

With the wholesale price index showing an alarming 4.1-percent increase in the first two months of 1978, the government has authorized increases in the consumer price index registering a 5-percent rise during the same period. President Park Chung Hee's authoritarian government at March ordered a freeze of public utility and commodity prices.

Frozen Earnings

At the same time it froze for the first 10 months the \$1 billion in estimated earnings of South Korean construction firms operating abroad. These funds will be held by a central bank in foreign currencies, earning an interest computed as the LIBOR (London interbank offered rate) rate plus one-sixth. On the other hand, the government has authorized increases in wages. These include a 24-percent rise for employees of the country's largest textile companies, and a hopping 70-percent salary increase for bus drivers and female workers.

How this inflationary trend and rise in labor costs will eventually

affect the competitiveness of Korean goods on world markets remains to be seen. However, for the time being exports are maintaining their brisk pace. In March they amounted to \$1.04 billion, \$110 million over target. This represented a 32.2 percent increase over March 1977 and Korean officials are confident that this year's export target of \$12.5 billion will be attained.

With 70 percent of South Korea's GNP accounted for by foreign trade, the nation's dominant philosophy is that their survival depends on exports. This nation sells to 240 nations or territories around the world some 1,300 types of products, in the majority light manufactured goods produced by labor-intensive industries. For instance, 90 percent of the wigs that Americans buy each year, 70 percent of the fishing rods purchased by the Finns and half the knitted sweaters sold in Sweden come from South Korea.

More Vulnerable

However, these items are becoming increasingly vulnerable on world markets. In addition, Korean goods are meeting progressively higher tariff and other restrictions

(Continued on Page 3)

Civil Rights: Government Is Toning Down the Treatment of Dissidents

'Restrictions Necessary'

no improvement in the lives of the people. This logic does not deny the inalienable nature of human rights: It merely raises the serious question of how to guarantee those rights under the given circumstances.

Throughout its long history, Korea was a unified country, even under Japanese colonial rule, but the end of the war brought with it the division of the country into ideologically opposed camps against the will of the people.

This meant the disruption of the once complementary economic structure of the South and the North. All heavy industries were developed in the North because of its abundant natural resources, while light industries and farming were concentrated in the South. The South Korean economy was further crippled when Kim Il Sung cut off electric power to the South.

Hot War

The division of the country also brought with it social and political instability and tensions between the two Koreas. When the cold war

became hot, the Korean peninsula became the battlefield of the major powers. The South Korean Anti-Communism Law and the National Security Law, which have often been criticized, originated from this division of the country. To protect people from subversion and social chaos under the circumstances, it was necessary to tightly control the country.

Korea is faced with four dilemmas that color the practice of human rights. These are national survival; economic growth and income distribution; the conflict of an indigenous working system versus a big-power penetrated system; and the linkage between domestic and international politics.

The survival of the nation is the first and ultimate responsibility of the government. As Henry Kissinger rightly pointed out, "a world in which the survival of nations is at the mercy of others is a world of insecurity, instability and oppression." This problem is particularly acute and urgent in Korea because of the division of the country and because of its strategic location

where the interests of the big powers converge. Although they change their tactics periodically, the North Koreans have never ceased to pursue their goal of communizing the whole Korean peninsula by force.

The North Koreans are not just another Communist nation. They are different from the Communists of Japan, China, the Soviet Union and Eastern European countries. They are unpredictable, irrational and reckless.

In open societies, free discussion of national politics is regarded as a sign of strength, but in Korea the problem is that North Korea takes any sign of open debate—especially on security issues—as a sign of weakness which encourages them to instigate trouble to test the will of the people. This is an important fact for South Korea to consider because, after all, national policy must reflect reality rather than wishful thinking.

The preservation of peace is the first imperative of the Korean government. The people understand—from their past experience—that some restrictions are necessary for national survival, and they also

(Continued on Page 7)

SEOUL (IHT)—It takes courage to be a dissident in South Korea. Government pressure has reduced the number of those willing to openly challenge official policy to a handful. Surveillance is thorough. Yet there are signs that the government is switching to subtler tactics following the bad publicity it received over its last major series of arrests of prominent dissidents in 1976.

Chun Kwan Woo, who agreed to the following interview with Ken Ishii for the IHT, is a highly respected Korean who was chief editorial writer for the newspaper Dong-a Ilbo until forced to resign in 1968 for his views. He said his phone was tapped, and that it was certain the authorities knew of the interview since an appointment had been made with him by telephone the day before to call at his suburban home.

Mr. Ishii—Where do you disagree with the government?

Mr. Chun—At present, on everything, from one to 10. About 10 years ago I wrote an article on foreign loans. The authorities viewed the article unfavorably, and I was compelled to resign as chief editorial writer for Dong-a Ilbo.

Switch to Subtler Tactics

I was re-hired two years later, perhaps out of pity, to do a history of the newspaper. Then, in 1971, I became one of the organizers of the Democratic League for the Protection of Citizens' Rights; and this really turned the authorities against me.

Q—Is there freedom of speech in Korea today?

A—The answer is not always black or white. But if one had to choose between the two, I would say no. There is freedom to write anything that pleases the authorities, but that kind of freedom existed even in ancient slave societies.

I was once called to testify in the trial of arrested Christian clergymen, and asked what it was specifically that I was prevented from writing about. I referred to the statement made by some 30 reporters of the newspaper Chosun Ilbo who were arrested three years ago. They listed these restrictions: (1) no criticism is allowed of government leaders or the KCIA [Korean Central Intelligence Agency], but it is possible to write anything about the opposition (2) it is possible to write about economic growth, but

not about the problems of the people (3) writing about income differences between the educated and lower classes is not allowed (4) critical stories on labor-management relations in the big *zaibatsu* are banned (5) critical writings by intellectuals and others cannot be printed, neither can foreign reports critical of the government.

Q—The government maintains criticism encourages the Communists to stir up civil strife.

A—Several years ago, a Communist spy was caught in a rural village and the local reporter sent in the story by telegraph. Military intelligence came to me and asked that publication of such stories be withheld until the information was released officially because Pyongyang could monitor the reporter's message and other spies in the network would be warned. This I understand. But is it a security threat to write about something like high taxes? What is necessary is for the government and newspapers to get together and lay down guidelines. But today there is no contact between the two sides.

Q—Do you think criticism

would topple the government?

A—Any government is subject to change when the time comes. The reasoning behind your question isn't valid unless you assume the present government should stay in power forever. This is a delicate issue in Korea—whether you are anti-government or anti-state. In many cases you can be against the government but support the state. Many patriots are anti-government. But authorities equate being anti-government with being anti-state.

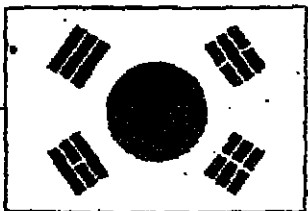
Articles critical of government policy appear only in newspapers in Japan, or the Stars and Stripes (the U.S. military newspaper), or if it is a big story it is carried by American newspapers. Korean newspapers carry nothing. The dissident movement is isolated.

Q—What is the scope of the dissident movement?

A—We don't know ourselves. Those few in top government positions and big business are no doubt in favor of the present system. The vast majority who make up the rest of the people are either opposed, undecided, or afraid to speak their minds.

Q—If free elections were held.

(Continued on Page 7)



Economic Growth Masks Problems in Development Plans

By Ken Ishii

SEOUL (IHT)—The rosy reports flowing out of South Korea these days over this country's phenomenal industrialization and economic growth tend to obscure some of the problems it faces—problems it must overcome if the national development scenario prepared by the government is to proceed according to plan.

By any yardstick, even by Japanese and West German standards, South Korea's performance in recent years has been impressive. The gross national product, which stood at \$2.3 billion (at current prices) in 1962, rose to \$25 billion in 1976, and to \$31.5 billion in 1977. The estimate for the current calendar year is \$39.9 billion, according to the Economic Planning Board (EPB).

Per-capita GNP, a paltry \$87 in 1962, jumped to \$700 in 1976, and to \$864 in 1977. The 1978 estimate is \$1,060.

The Republic of Korea's economic growth rate was 15.5 percent in 1976, and 10.3 percent in 1977—years when most of the industrialized world was floundering in the aftermath of the oil crisis. And the EPB growth-rate estimate for this year is a very healthy 10.5 percent.

But with virtually no natural resources, it is through exports that Koreans must build, and survive. Indeed, foreign trade accounts for some 70 percent of its GNP. And this is where the nation faces some major tests.

Until now, South Korea has owed much of its international competitiveness to its low wages. However, that competitiveness is disappearing. At the same time, although not necessarily because of the vanishing low-wage advantage, it has shifted its emphasis in industrial development from labor-intensive light industries to technology and skill-intensive industries. Taiwan and Hong Kong can now manufacture textiles at a lower labor cost than South Korea.

Blunt

Kim Tai Dong, president of the Naewoo Business Journal, a respected economic daily, puts it bluntly: "I believe we have arrived at that stage where it is no longer possible to grow on low wages."

Light industrial products continue to account for a large share of South Korea's exports—60 percent last year—but the nation is already solidly on the way to greater industrial sophistication. Steel, industrial and precision machinery, petrochemicals, shipbuilding and electronics are the current high priority areas in government planning.

Mining and manufacturing, which accounted for 30 percent of the GNP last year, is expected to expand at an average annual rate of 14.3 percent during the government's fourth Five-Year Economic Development Plan ending in 1981.

Kim Jae Ik, director of planning at the EPB and a key figure in South Korea's economic strategy, says that "the machinery in Korea has just begun to take off." And, he adds modestly, "it seems to be doing very well." He envisions the future Korea as something like Switzerland, Sweden or Belgium: "These are small countries (like South Korea) that attained the highest standard in machinery by specializing in a narrow field and investing adequately in it."

To achieve this goal, "we are going to have to upgrade our human resources," Mr. Kim stresses. The shortage of skilled workers is probably the most formidable obstacle to the growth of the high added value industries that South Korea must develop, and vigorous efforts are being made to lay down a solid technological base.

The issue was put succinctly by Shim Won Taek, president of Daewoo Heavy Industries Ltd., one of the key firms in the Daewoo group that together with some 14 other *zaibatsu* (conglomerate) groupings lead South Korea's growth.

Early Stages

Despite impressive progress, Mr. Shim, like the EPB's Mr. Kim, agrees, by country's machinery industry, "is still in the early stages of development." He explains: "It is fairly simple to build factories that we can pay for them, and that we can do with our foreign exchange or through foreign loans. But the assimilation of technology is different. That takes considerable time."

Some 450,000 persons enter the job market every year, of whom about 50,000 are university graduates. Another 60,000 are graduates of vocational training schools. But this hardly meets demand.

As a result, the *zaibatsu* scout rival firms for top personnel, and graduates from the elite Seoul National University, Korea University and Yonsei University command starting salaries in the range of 200,000 won (\$400), or about five times starting pay elsewhere. With orders mounting and production unable to keep up, it is not uncommon for a young engineer to be hired to another organization for higher pay.

Because schools cannot turn out skilled workers fast enough, South

Korea's *zaibatsu* are required to undertake in-company training programs.

"We have a system," Mr. Kim explains, "under which certain companies—say, companies with 300 or 500 or more workers—are required to train at least 10 percent of their work force. If companies refuse, they must pay a certain sum into a vocational training fund used to train workers at reluctant companies for jobs elsewhere."

Mr. Kim believes "port-of-entry" vocational training "may be satisfactory for our present stage of development." But again, with the vision of South Korea as perhaps the future Switzerland of Asia, he adds: "If we are to reach the stage of competing with, for example, a major Swiss supplier of electrical goods, port-of-entry training is insufficient. Workers in Swiss companies have more than 10 years of in-company training, and we, too, must organize training systems that continue throughout the worker's life."

Workers thus trained, he says, "provide the avenues and bridges to the sources of technology."

In developing skill-intensive industries, Mr. Kim pointed to an

other set of problems which he said "are related to the size of the market." The Harvard-educated economist admitted that mistakes had been made in this area, but described this as "the tuition we pay for the sake of experience."

He illustrated: "Ten years ago, when we were building our first petrochemical complex, we decided it should have a capacity of only 100,000 metric tons a year. But it was totally uneconomical, and some of its products cost 30 percent above international prices to make. However, Korean demand has since grown, and our second petrochemical center has a capacity of 350,000 tons, which is the optimum scale for our needs."

Another example is the program to develop the manufacturing capacity for electric-power-generating equipment. Excessive world power-generating capacity and depressed world prices make it essential that this new industry be internationally competitive from the outset, for with domestic demand limited, at present, production must be exported.

However, the reverse has also been true. The construction time for the Pohang integrated steelworks was shortened to save on interest

on capital borrowed, and efficient management has kept it operating at above design-capacity. Annual output is 2.5 million tons, but this is scheduled to increase to 5.5 million tons by the end of this year.

To date, there has been little time for research and development. South Korea's industrial capitalists recognize the urgent need for R and D, but the pressures of production are too great.

Mr. Shim, whose firm is South Korea's largest manufacturer of heavy machinery, says "less than 1 percent of Daewoo's sales go into R and D. The amount is so small I'm ashamed to mention it," he adds. "We do engage in research, but we are so busy that before you realize it, the people in R and D are dragged back to the production lines."

Research Budgets

Mr. Shim would like to see his organization's R and D set up as an independent function and increase Daewoo's research budget to at least three or four times the present amount. But he does not say when this will be possible.

Meanwhile, Daewoo, like other large enterprises, maintains its own training schools. One school trains

engineers at the college level—not only new university graduates in mechanical engineering but graduates in related fields as well, such as chemicals and textiles.

"Our need for mechanical engineers exceeds supply, so we take graduates in other fields and give them a five-month intensive training course," Mr. Shim explains. Daewoo also maintains its own vocational training school for high school graduates. In another program, it rotates employees in in-company training to upgrade their skills. Another project calls for the building of a Daewoo-operated technical school.

In terms of Daewoo's sales, imported technology accounts for some 40 percent and South Korean technology 60 percent. But the percentage varies by product. Close to 80 percent of the technology for forklifts, made under a technical tie-up with Japan, is imported. For heavy construction equipment which is manufactured to individual requirements, 80 percent of the parts are domestic.

"Our target," Mr. Shim says, "is to reach the point where we can make the product entirely with Korean parts five years after the tech-

nical tie-up is begun. But in reality this may be difficult."

Part of the problem lies in the small and medium companies—the hundreds and thousands of subcontractors on whom the *zaibatsu* manufacturers depend. In Mr. Shim's words: "It's no use for just the giant enterprises to modernize and expand. The small industries that supply us with components must keep pace. Also, salaries in the medium and small industries are so low that all the good people are drawn to the big outfits."

Competition

Still another problem area that Mr. Shim sees is excessive competition among the *zaibatsu*. Though Daewoo remains South Korea's largest heavy machinery manufacturer, seven other *zaibatsu* are investing heavily in this same line and should be ready to go into production soon.

"Unless there is government regulation, we are headed on a collision course," Mr. Shim warns.

However, if the success with which the government has guided South Korea's growth to date is any indication, it seems unlikely

such a disaster will be allowed to occur.

South Korea's successive Five-Year Plans have been too well orchestrated to permit any major error at this stage.

Since the first plan was begun in 1962, the annual growth rate in the mining and manufacturing sector has averaged 17.9 percent, while the rate for agriculture, forestry and fisheries combined has averaged 4.6 percent.

The shift in the nation's industrial structure is also indicated by the increase in mining and manufacturing in the share of GNP. The 30 percent of GNP that this sector accounted for in 1977 compares with 17 percent in 1962. Correspondingly, the share of agriculture, forestry and fisheries as a percentage of GNP dropped from 37 percent in 1962 to 24 percent in 1977.

The priority on manufacturing has been underscored by the increase in the GNP share of heavy and chemical industries in this sector from 33 to 42 percent during the same 15-year period.

The export-oriented economic development of the previous Five-Year Plans continues into the fourth plan (1977-81) that foresees

GNP rising at an average of 10 percent a year, resulting in a total of \$34 billion (based on 1975 prices) in 1981, and a 1981 per-capita GNP of \$1,512.

Growth in agriculture, forestry and fisheries is expected to average an annual average of 4.6 percent, growth in social overhead capital and other services, 8 percent.

A slowdown in the growth of exports is expected to cause a decline in the annual average growth rate for mining and manufacturing to around 14 percent, against 30 percent in the third period (1972-76).

The growth rate for electronics, machinery, shipbuilding and heavy industries is predicted to be around 13 percent, against 20 percent in the third period (1972-76).

The GNP share of agriculture and forestry is expected to continue to decrease, reaching 19 percent annually. The share of social overhead capital and other services is expected to drop from 45 to 41 percent in the fourth plan period, while a decrease from 30 to 41 percent is predicted for mining and manufacturing.

'The Age When Businessmen Can Become National Heroes'

SEOUL (IHT)—Exports to a South Korean mean more than just a way of making money. Successful competition in foreign markets has been elevated to a national goal.

The government decorates company presidents who fulfill target figures in much the same way as generals who wage successful campaigns. And in a sense, the leaders of South Korea's economy are fighting for a cause. The inhabitants of the southern half of this politically divided country have turned capitalism into a positive ideology.

In 1977, the Republic of Korea fulfilled a cherished dream: The nation's industries exported over \$10 billion worth of goods—almost all of them processed. Five percent of those exports went through the hands of Kim Woo Joong, chairman of the billion-dollar conglomerate of heavy manufacturing companies and construction firms known as Daewoo.

Sitting in his office on the fifth floor of a 15-story building constructed, of course, by his own company, the 41-year-old Mr. Kim took a few minutes from his 18-hour working day to talk about Daewoo's success.

'Heroes'

Mr. Kim sat at the head of a large, low coffee table. Uniformed receptionists brought honey-sweetened cups of tea made from ginseng—a Chinese perennial herb. Underlings occasionally interrupted the chairman with notes. To Mr. Kim's right were two telephones and a walnut-stained shredding machine.

"Ours is a generation of self-sacrifice," said the impeccably dressed Mr. Kim. He sat with his back to a window ledge on which there were arranged a neat row of framed photographs.

They were of President Park Chung Hee standing on a dais and pinning a medal, or handing a scroll, or presenting a flag to Kim Woo Joong, for Daewoo's having fulfilled various export targets in the past decade.

"This is the age when businessmen can become national heroes in Korea," said Mr. Kim. "During our colonial history gifted young men became doctors or professors or anything just to stay away from the centers of power. Today, however, we are our own master, and there is a new breed of businessmen who feel no shame about making money because they know it is for the good of the country as a whole."

Mr. Kim admitted that South Korean entrepreneurs in the immediate postwar period made mistakes. "They did not know how to spend money, mostly because they did not understand how they earned their fortunes in the first place," he said.

Mr. Kim started his conglomerate of 29 companies only ten years ago with \$10,000 dollars and one small textile mill. His older brother, Kim Duk Joong, a former professor of economics, is now president of the Daewoo group. He likes to guide visitors through the third floor showroom of Daewoo Industrial.

"Today we employ 40,000 people. Our turnover is just above \$1 billion and exports were \$501 million last year," said the pipe-smoking elder Kim.

The Showroom

The showroom takes up half the area of the entire floor. Everything from summer garments to imitation Korean antique chests to military uniforms, electric organs, a multitude of household appliances, and even a German M.A.N. diesel engine—made under license—can be viewed, inspected and priced.

"Of course there are many things we do that we cannot show you here," the elder Kim proclaimed with pride. "We have a securities firm, a merchant bank, a life insur-

ance company and then there is the road we constructed in Ecuador and the Freedom House we built in Khartoum."

Daewoo's least tangible asset and possibly its proudest possession is the title "general trading firm." Only 10 companies have the title so far. Daewoo is the nation's second largest trader, falling \$5 million short of Samsung's 1977 export total of \$506 million. Hyundai Shipbuilding and Heavy Industries came in third with \$410 million in exports.

Last year, general trading firms were instructed to diversify their markets. The targets were set at 3

percent of all business for Africa and similar quotas for the Middle East. Imports from Japan were to be avoided when possible in order not to worsen South Korea's chronically unfavorable trade balance with its eastern neighbor.

Committed

Daewoo's Kim Woo Joong said South Korea would never engage in protectionism. "By 1980 we will be importing as much as we are exporting," he said. Mr. Kim was critical of Japanese trade barriers and of recent protectionist attitudes in other parts of the industrialized world.

"Putting up barriers means admitting defeat," he said. Mr. Kim feels that the motivation behind this sudden growth of the Korean economy—spread by firms such as his own—is spiritual. He said he is totally committed to the goals set up by the government Economic Planning Board. "They work hard too, those bureaucrats," said Mr. Kim.

In the office of Samsung Trading, or Hyundai Construction, or Daewoo Heavy Industries, one can see on virtually every wall an example of President Park's calligraphy. In the profits room of Hyundai Shipyards, the biggest such complex in

alized world, the scroll reads: "Build ships, build a nation." The country's business leaders take such exhortations seriously.

A company film for Samsung concludes with a few shots of the Samsung Foundation, an organization that in the words of the narrator, "was established for the advancement of culture and morality."

The trading firms compete with each other in fulfilling even the intangible targets that the government proclaims. When President Park made statements a few years ago about returning the profits to the people, the big traders began to

interview, "that while capital is important in entrepreneurship, credit is even more important."

Acting on that axiom, Mr. Chung borrowed heavily and established a profitable car repair shop and a truck company. After World War II, Mr. Chung made his big move. Although he possessed no experience, he assembled enough capital and acquired through his "self-taught crash course method" enough expertise to establish Hyundai Construction.

From that point he rapidly expanded Hyundai into a conglomerate with 10 major components. The \$940-million-a-year worldwide business is engaged in heavy construction, car manufacturing, shipbuilding, industrial machinery, cement, banking and securities. Plans for the future include iron and steel production.

"I'm grateful to President Park for his moral and direct support," Mr. Chung admits. For example, Mr. Chung points out that when President Park talked about the need for building the new massive shipyard at Ulsan, Mr. Chung thought it would be impossible. President Park retorted: "Why only do easy things?"

St. Moritz

With President Park's backing, Mr. Chung went to the United States and Japan—South Korea's two close allies—to obtain the funds and technology needed to build a modern shipyard in a poverty-stricken fishing village named Ulsan on the southeast coast. But to no avail. "If you need ships," they told him, "buy ours."

Undaunted, Mr. Chung went to Europe, where he visited various financial institutions in Sweden, Norway, Denmark, West Germany and France without much success. In London, however, the Lloyd's directors promised to underwrite his project if he came back with an order for two supertankers. How Mr. Chung—a self-taught poor farmer's son with no shipbuilding experience—managed to get a well-known Greek shipping tycoon in St. Moritz in December 1971 and persuaded him to place an order for two 260,000-dwt crude oil carriers is still a mystery.

building docks operating at less than capacity. Hyundai accepted orders of 24 23,000-dwt cargo ships from Kuwait, 11 8,800-dwt roll-on, roll-off ships from Sweden, four 16,000-dwt forest product carriers from Finland, and four 36,000-dwt bulk carriers from Canada, to name a few.

To set up a multimillion-dollar foundation—the first of its kind in South Korea—designed to help the poor through such schemes as free medical care, scholarships and medical research.

He takes personal pride in his own frugality: "I live in a three-bedroom house on a lot that would be considered small in Europe or America," he added. "He has no time for vacations. For 10 years have not taken a dip in a swimming pool."

Outsiders

Daewoo itself is building hospitals on remote islands, setting up a

university, and donating a club to South Korean journalists. With the exception of Samsung and Samsung, both of which incorporated well before Korea's economic take-off, the central trading firms are the creators of the modern outside industrial nation.

Daewoo's Kim Woo Joong is usual in that he has a university degree. Hyundai's Chung Ju Yung managed a local garage in 1940s and went on to found a construction firm.

Today Hyundai, still under Chung's chairmanship, is a leading automobile manufacturer. Chung's construction crews are working throughout South Asia and the Middle East. Chung, however, does not seem to have lost any of his austere charm. In typical Oriental fashion he will deprecate his own power and chuckle. "No, we don't make cars; we just pretend to."

He anticipated that tens of thousands of Hyundai's Pony will be exported to Europe next year. Mr. Chung has two doctorates, both from his formal education ended at primary level.

Another South Korean capitalist of industry was a truck driver in the Korean war. Today he is a transportation tycoon.

One thing most officials of new trading firms have in common, though, is their denial of any role in the government. President Park said: "Just what kind of an economy do you think we would have here if Korea if business was taking over on specific deals from government?" asked Mr. Kim. He added, however, "Of course, we will let an ear to what they have to say."

Foreign opinion, nonetheless, suggests the country has close government-business ties. One Asian businessman felt that South Korea is not copying the Japan of the 1950s, but of a hundred years ago when government actively guided business into certain preselected paths. For example, when government economists hinted that one of the leading trading firms had neglected heavy industries, the conglomerate immediately added shipyard to its holdings.

The general trading firms are just beneficiaries of the South Korean government; to a degree, they are its instruments as well.

Portrait of a Self-Made Man: 'Credit Is Most Important'

By Peter Hyun

SEOUL (IHT)—One of the chief architects responsible for the transformation of South Korea from a war-ravaged farming society into an important industrial nation in the past decade is the Hyundai conglomerate's fourth and guiding light, Chung Ju Yung. For all his "initially impossible projects," Mr. Chung received the firm commitment of the government, no less than the encouragement and support from President Park Chung Hee himself.

President Park and Mr. Chung are no strangers to each other. Mr. Chung's rise to power is a rags-to-riches tale that few can top for its Horatio Alger qualities. Mr. Chung, like President Park, came from an impoverished farm family. At 18, he left home (now in North Korea) to make his way by foot to Seoul, where his career began rather unpromisingly with day labor at a construction site.

Axiom

The young Mr. Chung soon showed that he was destined for bigger things. In rapid succession he rose from delivery boy to bookkeeper in a rice shop, where he first demonstrated his "computer-like brain." His request for more government support now is a throwback to his earlier belief in the principle of "credit." While keeping track of the rice dealer's debts and credits, Mr. Chung learned his most important business lesson. "I soon discovered," he recalled in an

interview, "that while capital is important in entrepreneurship, credit is even more important."

Acting on that axiom, Mr. Chung borrowed heavily and established a profitable car repair shop and a truck company. After World War II, Mr. Chung made his big move. Although he possessed no experience, he assembled enough capital and acquired through his "self-taught crash course method" enough expertise to establish Hyundai Construction.

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Investment Climate Attracts Welcome Foreign Money

SEOUL (IHT)—In spite of the persistent political and military North-South tension on the Korean peninsula, external economic confidence in South Korea remains high.

Foreign money today accounts for an estimated 30 percent of total investments. Private foreign investments made last year totaled \$95 million, slightly below the \$100 million target set by Seoul. These were mostly made by U.S. and Japanese capitalists, who have accounted for 81.5 percent of such investments between 1962 and 1977.

In addition to various inducements for foreign capital offered by the government, the climate for investment in South Korea is attractive. As one economist put it, it is still a place "where you try to break even in three years and make your profits in five."

Unlike North Korea, which has defaulted on its foreign debt commitments, Seoul maintains an excellent international credit rating. The International Economic Co-operative Committee on Korea has declared the nation is "qualified" to receive each year during its 1977-81 fourth Five-Year Plan period a total of \$1.4 billion in commercial loans and \$1.1 billion in public loans. These loans are to be provided by the World Bank and four other international development

finance institutions and the 10 industrialized nations that make up the committee.

Capital Inflow

Under the plan, the long-term capital inflow during 1977-81 is projected at \$10 billion.

In 1977, South Korea obtained \$628 million in public loans and \$1.18 billion in commercial loans, totaling \$1.81 billion.

The nation's unpaid foreign liabilities at the end of 1977 were \$9.4 billion, out of which \$7.4 billion were long-term—that is, loans of three years or more, and about \$2 billion short-term. The debt-service ratio in 1977 was 9 percent on long-term liabilities and 10 percent on the short-term ones.

South Korea has also borrowed by floating bonds on a limited scale. As early as October 1974, the nation tapped the Arabian oil market with an issue denominated in United Arab Emirates dirhams. This was followed in April 1976 with another issue in the same denomination. The two issues totaled 135 million dirhams, with the first repayable in 15 years and bearing an interest of 8.5 percent, and the second refundable in 5 years with a 9.5-percent interest.

A High Price

Since then, South Korean bonds have been issued on six occasions

in Kuwait dinars, dollars, deutsche marks and yen. The latest offering was for 10 billion yen on Jan. 20 this year. These bonds will mature in 10 years and bear 6.7-percent interest.

South Korea came very close to being overextended financially as the world economy plunged into a recession in the wake of the 1973 oil crisis. In 1974 and 1975 the country managed to weather the slump largely by ignoring it, borrowing heavily and continuing to expand operations.

The economy achieved a real growth of 8.6 percent in 1974 and 9.3 percent in 1975, while the rest of the industrialized world reported zero or minus growth.

Seoul had to pay a high price to overcome this threatened crisis since it had to replenish a \$1.5-billion basic balance-of-payments deficit with largely speculative, high-interest "hot money."

To attract foreign investment, the South Korean government has recently emphasized the development of export industrial estates. These are located at Gumi, in the central part of the country, and at Changwon, in the industrial belt along the southern coast. There is also a free trade zone at Masan, adjoining Changwon.

Gumi specializes in so-called non-polluting industries such as electronics and synthetic fiber

weaving, while Changwon is oriented toward heavy industrial machinery.

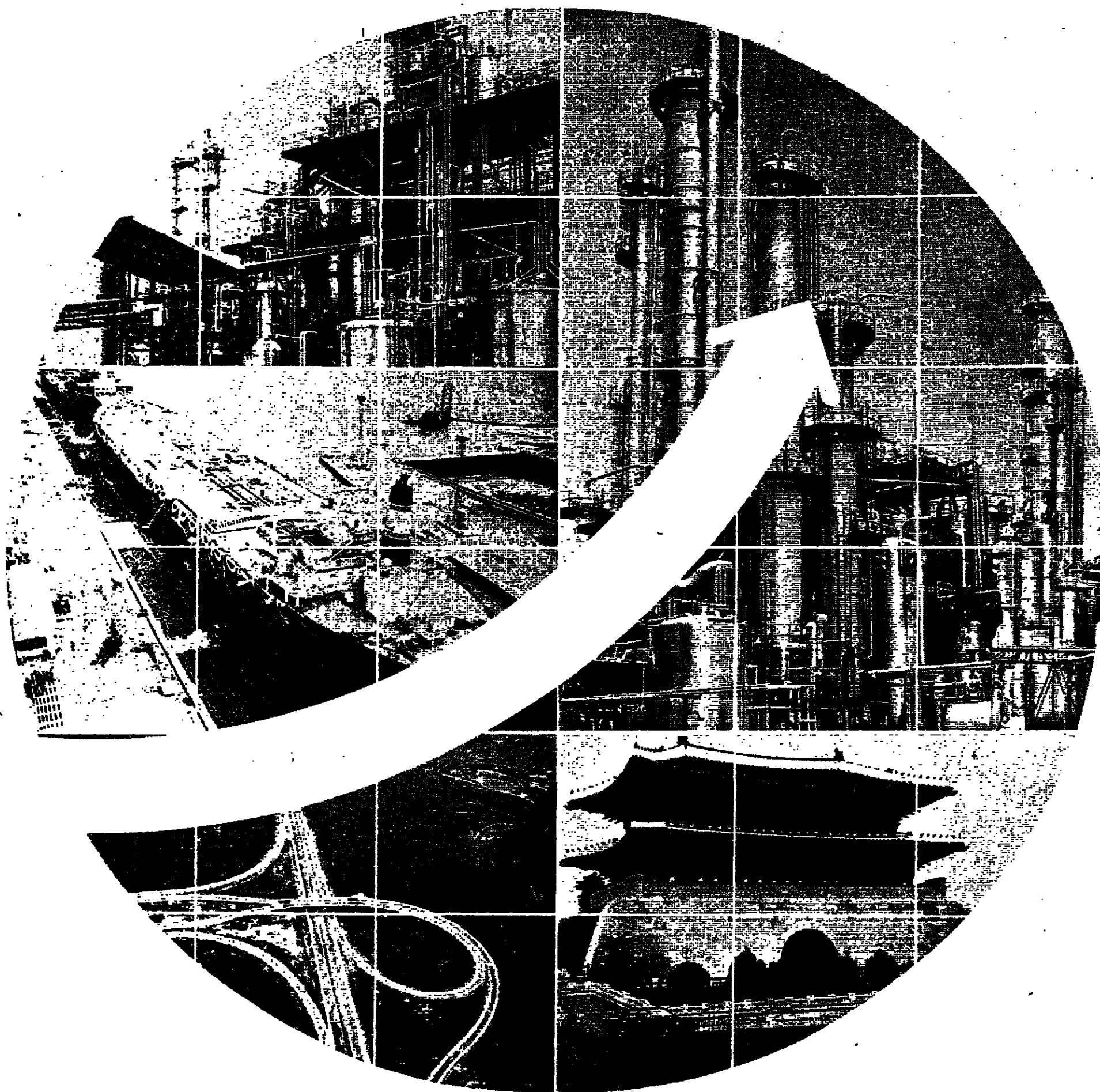
Wholly foreign-owned ventures can operate in these estates, which offer a sophisticated support infrastructure. The South Korean approach to foreign capital in this respect thus differs fundamentally from that of Japan, which in its postwar reconstruction period stubbornly resisted any inroads into its industry by non-Japanese investors.

Inducements

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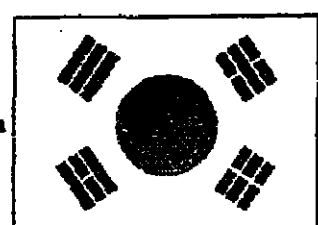
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THE BANKERS' ASSOCIATION OF KOREA



The Rural Community Has Its Own Self-Help Program

JUL (IHT)—Even the strongest critics of Park Chung Hee that the president has helped the South Korean people a lot of participating in their own way.

Where is this sense of participation more visible than in the so-called *Saemaul Undong*, or New Community Movement. Symbolized by the slogan of "self-help, diligence and cooperation," the movement was launched by President Park at a provincial governors' meeting held in April 1970. The movement started first as a local self-help program and later as a nationwide campaign not only to "reduce the gap in income and living standards between rural and urban areas of the nation's population but also to inspire a sense of national renaissance."

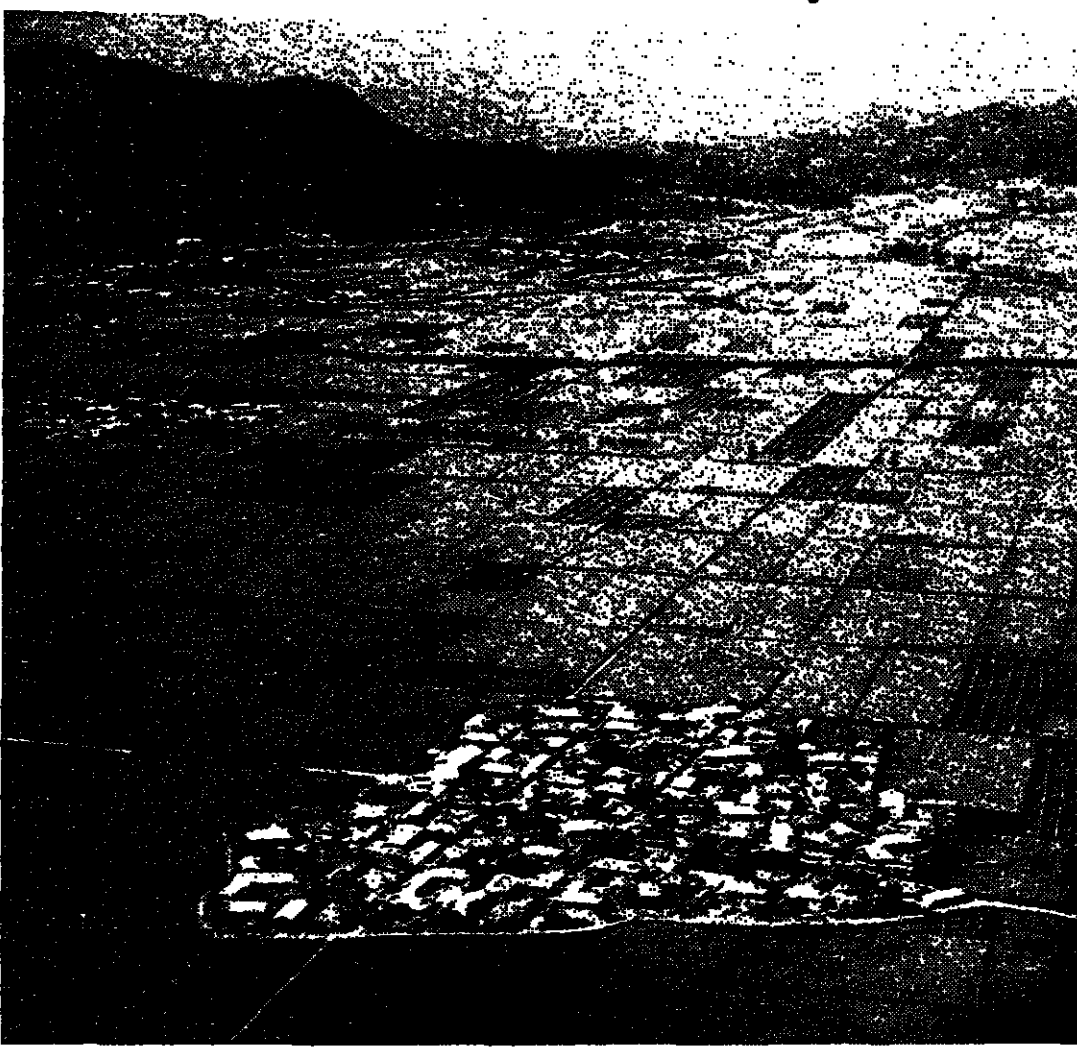
After years of lagging behind the favored industrial sector, Korea's rural community appears to be responding to Mr. Park's self-help movement program.

In the government's own words, farm household incomes have already tripled during the 1977 period. In 1977, for instance, the average farm family income of \$2,876 almost reached that of the average urban family, \$2,971.

Statistics

A visit to a *Saemaul* village gives insight into the reserves of efficiency South Korea is able to call on. In a village community hall, for example, a *Saemaul* leader will proudly display his records of achievement. The South Koreans, it would be noted, have the same national respect for statistics as do most Westerners. Just as in Seoul, where government planners will drown their visitors in figures—from last year's GNP to projected export targets for the current year—the *Saemaul* leader will explain how many sacks of rice and barley have been harvested during the year, and how many pigs and chickens have been raised. In the countryside, the movements look even better than they do on paper.

The changes that an annual farm income of \$2,876 brings are remarkable in many respects: People



Using government know-how, farmers have built roads and bridges, irrigation and drainage systems.

Helicopters spray chemical fertilizers over fields as part of the *Saemaul* Movement program.



have enough to eat; the rags of the past are discarded for sturdy work clothes; more oxen pull the plows; and, in some cases, tractors replace oxen. Television aerials sprout from rooftops.

Instead of subsisting on a single rice crop, the farmers are now diversifying into winter barley, pigs, poultry, dairy cattle and cash crops.

Using steel, cement and blueprints provided by the government, farmers have built roads, bridges, irrigation dams and drainage systems. The benefits in economic well-being and a sanitary home environment in many cases merit the

government's penchant for the adjective "revolutionary."

Particularly important are the new roads—25,000 miles of them by government figures—which have cut travel time and opened up many villages to tractors and wheeled transport.

Target

The target for 1980 is to boost every village to self-sufficiency and provide the average farm family with an annual income of \$3,500. Since agricultural production is limited by land shortage and climate, the government also wants to direct rural people to off-farm

labor. At present, 80 percent of the rural population is in agriculture. By 1980, the *Saemaul* officials hope to see 50 percent of them working in *Saemaul* cottage and village industries on a full-time basis.

All *Saemaul* projects have to be approved by villagers through active debates, and once projects are approved, they are implemented by the villagers en masse.

This grass roots democracy, many feel, is responsible for the emergence of the ablest men and women as leaders in their communities.

These village leaders are periodically given instruction on self-im-

provement methods at the state-run *Saemaul* training institutes not only by seasoned specialists but also by model leaders who have performed successful *Saemaul* programs. White-collar workers from the cities—university professors, government officials, journalists and businessmen—take part in a week-long *Saemaul* training as well.

Thus the urban elite learn from the rural leaders what is happening in the villages, while the former enlighten the latter with more advanced and sophisticated ideas.

In 1974, the government began the drive to make *Saemaul* a pan-

national movement by carrying it into the urban areas. In the towns and cities, *Saemaul* projects have thus far centered on anti-luxury and anti-waste campaigns, improve-your-neighborhood programs and labor welfare within industries.

In addition to the socioeconomic benefits claimed for the *Saemaul* movement, equal emphasis is placed on its moral effects. For the movement's aims are threefold: spiritual reform, social progress, economic development.

The man who initiated South Korea's uplifting movement, President Park, himself a poor farmer's

son, told this writer: "The *Saemaul* movement has had a tremendous impact on the life of our people since its inception in 1970. It is the cornerstone of our efforts to awaken the spirit of the nation, a nation that—did you know?—invented movable type three centuries before Gutenberg. This sort of spiritual revolution is indispensable since Korea has suffered from invasion, internal rifts and the lack of strong, purposeful leadership for several centuries."

Most Koreans seem to agree that it is due to President Park's *Saemaul* movement as well as his economic development plans that the South Koreans have been able to

pick themselves up by the bootstraps in recent years. And Mr. Park maintains that the movement reflects his own view of politics and Korean-style democracy and that it is an essential part of the *Yushin* (Revitalizing Reform) Constitution, which has created considerable content and controversy at home and abroad in view of what his critics call its "undemocratic nature." Nonetheless, as the *Times* of London recently remarked, "Through *Saemaul*, democracy is being practiced in the South Korean countryside to a degree unknown there before—and still unknown in most parts of the world." —P.H.

What's so lucky about The Lucky Group?

When Lucky's founder started his first business, a fortuneteller told him that the spot where he had set up shop was bad luck. In a way the fortuneteller was right: his business failed three times before he made it go.

He didn't give up because he believed that hard work, a little foresight, and reliable products of high quality would bring the good fortune of success. That's the kind of luck we were thinking of when we named our new business Lucky back in 1947.

Nobody knows what happened to the fortuneteller, but everybody in Korea knows what happened to The Lucky Group: it grew and grew and grew. In the period 1972-1977 Lucky grew an astounding 846%. Last year total sales exceeded US\$1.68 billion, and they are expected to reach US\$2.5 billion in 1978.

The Lucky Group will continue to grow because Lucky will continue to serve its customers all over the world with the reliability and expertise for which it has become known. Wouldn't you like to know more about this amazing business conglomerate that makes everything from toothbrushes to oil refineries?

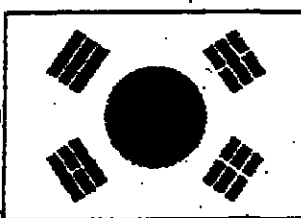
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'The Irish of Asia'—Ebullient, Full of Song and Laughter

By Alan Freeman

SEOUL (IHT)—The intensity with which the South Koreans labor is cause for more and more worry to the Japanese as they look across the Sea of Japan—or the East Sea, as the South Koreans call it—to their northern neighbor.

As inflation, the increased costs of doing business and the seemingly inevitable rise in the value of the yen cut away at Japan's competitiveness in industries as varied as micro-circuitry or shipbuilding, the Japanese see South Korean export corporations moving into those fields. Further, the Koreans are capable of underselling and undercutting in the very areas that Japan developed during its own dramatic economic surge of the previous decade.

Just as the U.S. textile industry bitterly fought Japanese textile imports during the early 1970s bringing on one of the severest diplomatic crises ever between the two nations, so the Japanese textile industry is finding itself threatened by the growing sophistication of the South Korean textile industry. Furthermore, the Japanese—often accused by Westerners of being too devoted to their work—can increasingly be heard to say that the Koreans work too hard. South Korea is trying to do what Japan did, in a shorter time and from a start farther back on the road to industrial development.

Love-Hate

Historically, the Koreans have always worried the Japanese. The two countries have an intense, convoluted love-hate relationship that goes back centuries and that was further complicated by Japan's colonial influence that lasted from 1905 to 1945.

Who are these people who can worry the Japanese? They are a people of similar origins to the Japanese, but a people whose culture is uniquely their own, a culture the Japanese tried to smother during the years when they dominated Korea.

Physically, they are bigger and more robust than the Japanese. The Mongol heritage is more clearly stamped in their faces and bodies than the Japanese, who are a blending of many Asian racial groups, a process still not fully understood. The Koreans are people often called the Irish of Asia—outgoing,

ebullient, full of song and laughter—and simultaneously of dark and brooding emotions.

They have also been called the Greeks of Asia—a proud, fiery people born and bred of a harsh landscape, a country poor in natural resources, a land of barren mountains, with viciously cold winters and sometimes searing hot summers.

They are a people to whom nature has granted little, even in comparison to the resource-poor Japanese; more so in comparison to the peoples of the richer, warmer lands to the south.

Like a Comma

Although a tiny country hanging like a comma from the Asian landmass, South Korea has maintained its cultural independence from China, to which for centuries it paid tribute intellectually and politically.

The non-tonal language is distinct from the tonal Chinese dialects. Although Chinese characters are used in writing, they are mixed with the uniquely Korean writing system called *hangul*. Linguists have called this system the most nearly perfect written language in the world.

The Koreans are a people with a great belief in education. The respect for learning is part of the heritage left to the Koreans by the centuries of Chinese culture and Confucian studies. South Korean families make great sacrifices to send their children to universities.

Korean food is hot and spicy, distinct from Mongolian or Chinese cuisines. It is robust food, brought to a festive table in overflowing vessels, with none of the restrained elegance and tiny portions of traditional Japanese food preparation.

The Korean temper is hot and spicy as well: a Korean will fight back loudly and emphatically if he feels his rights have been violated. The Japanese, on the other hand, will more likely accept the slight or the wrong, and seek vengeance later. The Japanese call the Koreans vulgar and barbaric; the Koreans call the Japanese devious and barbaric.

Westerners often find the South Koreans the most approachable of all Asian peoples. The Koreans insist on dignity and respect from



Street life in downtown Seoul.

foreigners, but they will assert themselves as individuals far more than other Asians.

Also, unlike most of the Asian peoples, their worst colonial experiences were at the hands of other Asians—for centuries, the Chinese.

and from the early part of this century until 1945, the Japanese. Western Christian missions—tolerated and controlled by the Japanese—often became centers of dissent and anti-Japanese sentiment. Thus the Koreans have none of the ex-colonial feelings toward the West that affect the relationships of other Asian nations with the former colonial powers.

This is not to say that they are slavish admirers of the West. Far from it. Though their popular cul-

ture has been heavily Americanized during the years of a large U.S. military presence here, they have not succumbed to imitating the United States.

South Koreans view the United States with considerable skepti-

cism. They appreciate deeply that the United States came to their side during the Korean War. But they like to remind visitors that, in their view, the Communist powers were encouraged to fight that war when the United States pulled its forces out of Korea in the late 1940s and declared the Korean peninsula outside the U.S. defense perimeter.

They also remember that in the late 19th century the United States signed a treaty pledging to come to Korea's defense if the nation were attacked by an outside power, but that in subsequent years the United States stood by without demur as Japan increased its influence over Korea, finally dominating it completely.

They are a people with a strong sense of fatalism and with a historically justified fear that their fate has rarely been in their own hands.

The Navel

A high-ranking Western diplomat agreed with a reporter's observation that the Koreans seem to regard their country as the navel of Asia, a country at the center of all the problems confronting Asia today.

The divided peninsula has become the focus of power struggles among the world's major powers. Both China and the Soviet Union touch Korea's only land border, while the nearest neighbor to South Korea is Japan, the economic power linked to the Western military giant, the United States.

There is a saying often heard in Asia that "when the elephants fight, the ants tremble."

The Koreans know exactly what that means. To a large extent their history has been kept out of their control. Koreans North and South

bitterly remind Westerners that a current 33-year division of the country was the result of an agreement between the Soviet Union and the United States, a footnote to the arrangements over what to do about a defeated Japan.

This history explains much of their present drive to build the economy and their apparent acceptance of economic and political conditions often abhorrent to Westerners. With economic strength, they hope, they will have some leverage in the world context that affect their destiny.

History Repeats

They are great believers in history repeating itself. So they see the present U.S. plans to withdraw their troops in the same light, what is to them a history of alternating U.S. betrayal and friendship—determined by U.S. interests not South Korea.

The Koreans are loyal people. They do not give their loyalty freely or easily, but when a man gains the confidence of a Korean, he will find that loyalty no matter how difficult the repercussions may be.

And a man who has gained a position of respect holds that respect as long as he is considered worthy—even if he becomes a bit of an opponent. The leading elder statesman of South Korea, former president Yun Po Sun, is now the honored symbol of the dissident movement in South Korea. That he has been convicted of violating President Park Chung Hee's emergency decrees, Mr. Yun's picture reportedly still hangs in its place of honor in the presidential office.

Even if the current government considers Mr. Yun an enemy, it pays him this gesture of homage as a former president.

Impressions: What Has Not Changed Is the People

SEOUL (IHT)—Foreign correspondents based in Tokyo are almost tripping over one another in the rush to visit South Korea. Except for the major wire services and Japanese news organizations that maintain permanent bureaus in Seoul, the world's press covers South Korea from Tokyo. There simply has not been that much of world interest happening in the Land of the Morning Calm to put a man there permanently.

But since last year, the pace of visits from Tokyo has increased. South Korea's economic miracle has made the world sit up and take notice.

Indeed, the impression is striking upon arriving in Seoul after an absence of 12 years. Skyscraper hotels, modern office buildings and bustling traffic have obliterated the image of a poor, struggling nation. High-rise apartments line the Han river. There is construction everywhere—offices, housing, roads, subways. In the southern part of the country industrial projects are blossoming in the drive to put South Korea in the company of those nations in the industrialized world.

An Impact

South Korean exports of rolling stock, ships, machinery, electronic goods and other products have begun to make an impact on the world market that nobody, at least outside the country, thought possible 10 years ago.

In Seoul's streets, foreign-made cars have been largely replaced by such brands as the Pony and Brisa that roll off South Korea's own assembly lines.

Wages are rising, and, in the opinion of some, will reach a point in the not too distant future when Korean workers will no longer find it that much more remunerative to take jobs overseas (although the 70,000 South Koreans in the Middle East and their construction projects last year brought in more than enough foreign exchange to pay for the nation's \$10 billion oil bill).

What has not changed is the people. If they were industrious before, they are even more so today. And if there was concern over the threat of Communist North Korea across the border on the 38th parallel, the concern lingers today. This concern, in fact, affects almost every phase of activity in one way or another.

The Korean War triggered by the North's invasion ended only 25 years ago, and the generation that fought the Communists is still around to remember. The concern has been kept alive by periodic incidents such as the North Korean commando assault on the presidential palace in Seoul in 1968, and the 1972 discovery of a secretly burrowed North Korean tunnel under the demilitarized zone even as the two Koreas were proceeding with a dialogue seeking common grounds for an improvement in relations. Most recently there was the murder

of two U.S. officers at the DMZ by North Korean soldiers.

Security

The concern for security is the government's justification for the curtailment of free speech and other rights, and Pyongyang's behavior has done little to persuade the public that the restrictions are merely an excuse to hang on to power. In fact, if free elections were held today, the overwhelming view (of persons outside government) is that President Park Chung Hee would win handsily.

How many activist dissidents are there in South Korea today? It is hard to say. Perhaps the best informed guess is around 200. President Park's emergency decrees keep tight screws on anything that smacks of criticism of the government.

The opposition has been all but muzzled except for the Christians. The government is reluctant to get tough with them, presumably to avoid arousing criticism abroad. Although political gatherings are banned, Christians may gather for religious purposes, and dissidents use such occasions to further their cause. (South Korea has 4,650,000 Protestants and 1,050,000 Catholics.)

But even among Christians, dissidents are only a handful. And as if to emphasize this, conservative Christian groups set themselves apart by occasionally staging mass rallies at the May 16 Plaza between Seoul and Gimpo airport.

At one time the dissident movement was mainly concerned with theory. Recently, however, there have been indications that the movement is turning to a more practical approach—to wooing labor. For example, Cardinal Kim Soon Hwan issued a statement not long ago on the suppression of labor union activity at a textile factory.

Low Wages

True, labor's wages, especially for the unskilled, are low, and observers point to this as a possible source of unrest. But the government with its usual efficiency ap-

pears to be keeping abreast with hefty wage increases this year—by as much as 70 per cent for bus conductors. It is also taking steps to implement a minimum monthly wage of 30,000 won (\$60) by the end of 1978.

According to government experts, South Korea needs an annual growth of close to 10 per cent for its economy to attain planned growth targets.

South Korean businessmen say the nation is following a development pattern almost identical to Japan's. Both have no natural resources. Both have industrious people. Both must export to live. And if Japan can succeed, there seems no reason why South Korea cannot. One major difference is

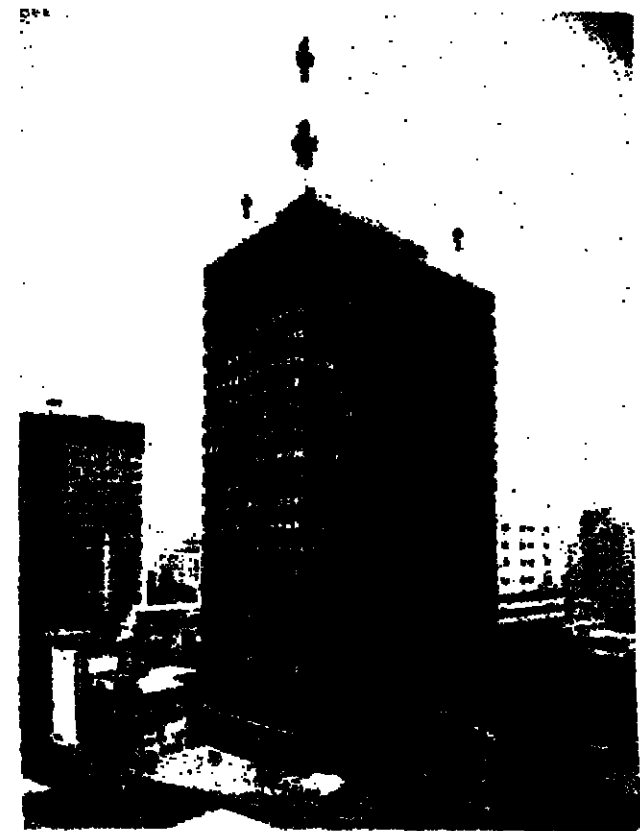
that Japan does not have a No Korea at its doorstep.

While recognizing that unification is impossible under present conditions, officials in Seoul say they would like to find areas of cooperation, such as an agreement to allow reunions among relatives separated by Korea's division.

Talks between the two sides—North-South Coordinating Committee at one stage produced agreement to set up a hot line between Seoul and Pyongyang. The Seoul end of the line has been stalled in the committee's Seoul office.

"We keep ringing every day, but there is no answer at the other end," one South Korean official said.

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Art: The Missing Link Between China and Japan

SEOUL (IHT)—While the art of China and Japan is well known outside of these countries, that of Korea is almost totally overlooked.

Yet Korean art is the missing link between the art of China and Japan. There was little direct contact between the Japanese and Chinese until the 19th century; before then the Koreans acted as something of a catalyst for those cultures.

The Chinese came down into the northern part of the Korean peninsula as early as 400 B.C. When they were finally driven from the country, they had left a lasting cultural imprint.

But, despite the strong impact of Chinese culture upon Korea, Korean art has always managed to maintain its own special quality—a kind of tranquil attitude in contrast to the rigid form of Chinese or the highly delicate, if not nervous, style of Japanese art.

Three Kingdoms

From the first century until the seventh century, Korea was divided into three kingdoms, each with its own distinctive form of art. Koguryo, in the north, was the first to mature because of its accessibility to Chinese influence.

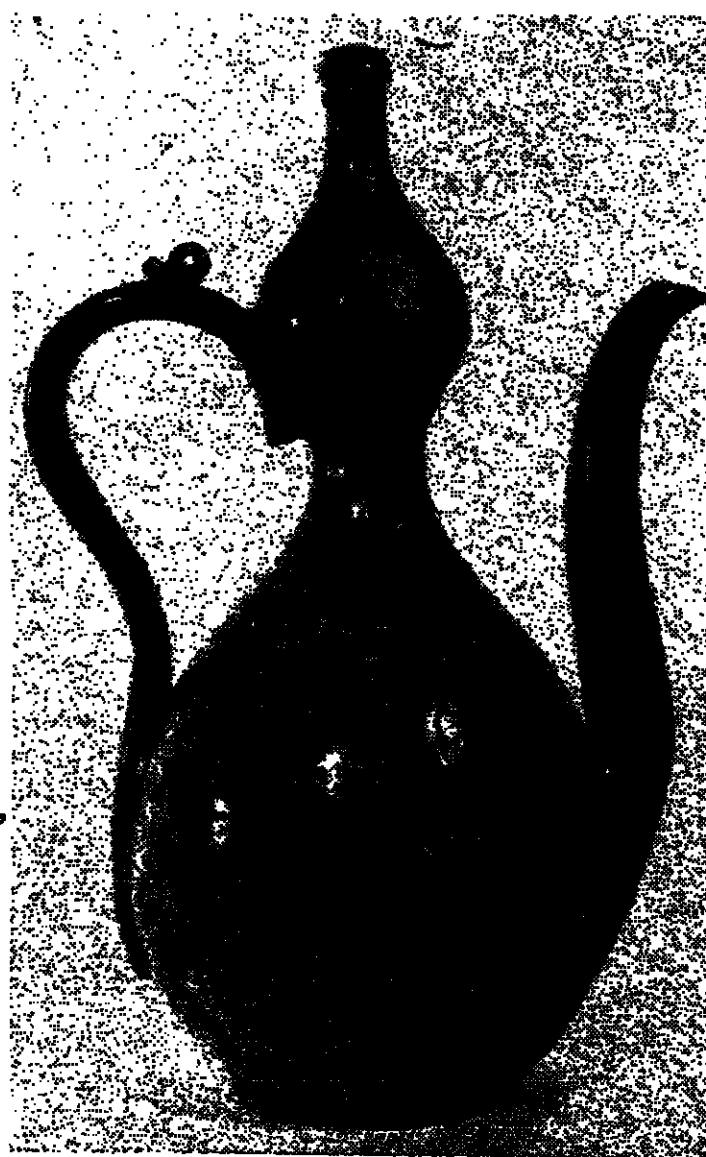
The cave tomb murals uncovered around Pyongyang are startling in the force of their expression. Recent excavations there have brought to light the most exquisite objects of art, among others the beautiful filigree buckle now in the National Museum in Seoul.

Paekche, in the southwest, with its more temperate climate, produced works of a more refined and subtle character. It is known, among other things, for its architecture, but as almost all of this was destroyed during successive invasions, only a slight idea of its beauty can be given in the museum exhibition, for example by tiles depicting mountain peaks topped with pines, stylized floral designs and fierce-looking dragons.

Comma-Shaped Jades

The museum also features comma-shaped jade ornaments (circa 700-300 B.C.) excavated recently from a royal tomb near Puyo, Paekche's ancient capital. These jade objects are older than the oldest relic of their kind in Japan, in spite of the fact that scholars have

The beauty of the Korean celadon, a translucent pale green glazed porcelain... is always harmonious in form and discreet in design.



Chinese excelled in texture and Japanese in color.

The beauty of the Korean celadon, a translucent, pale-green glazed porcelain, has always been admired. The Chinese themselves praised its shape and color. This is a comparably delicate blue-green often served as a background for incised decoration filled with white and black slips. Chrysanthemum, crane and cloud motifs were among its favorite subjects.

Korean celadon is always harmonious in form and discreet in design; the gaudy colors found on many Chinese porcelains were never used. Besides vases and wine jugs of lovely and dignified simplicity, such technically intricate objects as incense burners, cosmetic boxes, pots and bowls, were made from celadon.

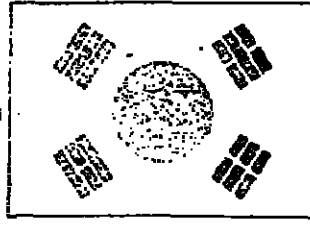
If the Koryo dynasty is famous for its celadon, the Yi dynasty is of interest because of its painting. Here, too, the influence is undeniably Chinese, but the Koreans managed to take the painting of China to its next stage of artistic evolution, even before the Chinese did. Some of the Yi painters adopted Chinese Sung period ink painting and then immediately switched to a more relaxed or individualistic stylized technique, found later in the Yuan period in China.

Folk Painting

In terms of both content and technique, folk painting is undoubtedly the most specifically Korean art form, since the genre truly represents the wit, humor and mores of the common people. This long-neglected Yi dynasty art has recently been rediscovered, thanks largely to the tireless efforts of Zz Zaryong, Korea's preeminent architect-turned-folk art collector.

As a whole, Yi paintings are almost monochrome, relying for effect on shading and a few subdued touches of color. The general impression is one of serenity, of meditation and a profound sense of oneness with nature. This is in contrast to the more flamboyant Japanese paintings whose form and composition are somewhat sacrificed in favor of exuberant expressiveness.

There is seldom anything violent or disquieting about Yi paintings. Their beauty lies in their quiet dignity, a trait that prevails throughout the history of Korean art.



Quality Work Force Has Unequaled Reputation for Diligence

Seoul (IHT)—If South Korea's spectacular and successful bid to break out from the ranks of developing nations rests upon a combination of cultural, economic and social factors, the element that counts out is the quality of the Korean work force. It is well-educated, energetic and disciplined.

From the textile factory workers who spend eight hours a day before spinning machines in South Korea to the construction laborers who put in double time from midnight to midnight on Middle East development projects, their reputation for diligence is unequalled. Much so that it led a visiting businessman in Seoul to observe that the Koreans are the only people in the world who make the Japanese look lazy.

In a recent survey of working hours in 14 countries made by the International Labor Organization, South Korea ranked first. It showed the average work week in South Korea is the longest at 57.7 hours, far above the 40-hour standard. Runners-up were Czechoslovakia and Switzerland with average work weeks of about 43 hours.

Statistics according to government statistics, 36.3 percent of the country's 19,000 population was "economically active" in 1977, with 42.5 percent engaged in farm work and 57.5 percent in non-farm work. The official definition of "economically active" is a person over the age of 15 who works more than one hour a week.

South Korea has employed in the same way 12,929,000 persons, of whom 46.7 percent worked on farms and 53.3 percent elsewhere. Agricultural employment decreased 1.5 percent during the year while non-agricultural employment gained 3.1 percent.

With the nation's economy growing at an average rate of 10 percent annually for the past 15 years, profound changes have taken place in the social structure. The government has put the standard of living of its people on a par with that of the middle class in the industrialized nations. The existence of factory workers and laborers.

Sliding Scale Also due to the Confucian tradition, South Korean business prizes education highly. A sliding scale is applied to the salaries of employees in regard to their educational level. Against the average \$422 monthly salary for a college graduate, an employee who has completed primary school receives \$105, a junior high school graduate gets \$117.50 and a senior high school graduate earns \$135.

One example is the modern Hyundai Shipyard on Mipo Bay facing the Sea of Japan, where the 23,000 workers earn an average of \$150 a month. For this they work six days a week with one extra day off each month. They get an additional four-day vacation each year. Here again, they are provided with practically free housing and free medical care and can also attend a company-run trade school where they can improve their skills and further their education.

At the bottom of the scale are young girls, some only 12 or 13 years old, who sit on hard wooden benches in dimly lit cubicles endlessly churning out shirt collars and cuffs for a few cents an hour. No one can say for sure how long this state of affairs will continue. While wages have risen at an average rate of 20 percent annually in recent years, much of that rise has been eaten away by inflation and tax increases.

Some Seoul officials agree that many average Koreans have begun to question what their nation's spectacular growth has done for them personally.

With increasing frequency, local newspapers have recently highlighted the plight of urban low-wage workers. One report stated that 12 percent of them were paid starvation wages, averaging from \$62 to \$103 a month, when a Bank of Korea survey showed that they needed \$191 to subsist.

In order to head off possible labor unrest, the government ordered, in March, a 24-percent increase in wages of workers in the country's 10 major textile mills, where sporadic work stoppages had taken place.

The move was significant in that textile workers, numbering some 700,000 of whom 22 percent are organized into labor unions, constitute the largest single bloc in the 910,000-member Korean Federation of Trade Unions.

While these unions are officially sanctioned, they are weak and ineffective. Strikes and collective bargaining are outlawed under the National Defense Act of 1971. Labor activism of any kind is nipped in the bud by the massive security apparatus, while the Korean Central Intelligence Agency harasses

Christian groups that advise workers on their right under the Labor Law and on how to deal with unions. This law provides for a 48-hour work week, at 8 hours per day. However, it contains a provision that if the employer and the workers of an enterprise agree, a 60-hour work week is permissible.

The notion that employment overseas decreases unemployment at home and brings in foreign currency prompted the South Korean government to encourage the migration of skilled manpower overseas. South Koreans can now be found working on construction projects in the Middle East, the Philippines and Guam, as nurses and coal miners in West Germany and as bar girls in Hawaii and California, where "Korean bars" are becoming increasingly popular among non-Koreans.

But the main thrust was in the Middle East. Government statistics show that between 1973 and 1977 an aggregate of 61,871 South Koreans went to Saudi Arabia, 11,380 to Iran, 6,629 to Kuwait and 384 to Iraq. Those who have remained abroad number 41,387 in Saudi Arabia, 7,522 in Kuwait, 6,728 in Iran and 303 in Iraq.

The logic behind this migration was that the Arabs had oil money, big construction plans and few skilled workers. South Korea had construction crews trained both by domestic contractors and by the U.S. military in Vietnam.

In the last four years, South Korean firms have undertaken sophisticated projects ranging from housing and industrial complexes to ports and a naval base in the Middle East, all of which have brought an estimated \$5 billion into Seoul's coffers.

The South Korean workers in Arab lands live in isolated, all-male compounds, earning as much as \$600 a month. They are required to send 80 percent of their paychecks home.

There is a favorite anecdote, told by Seoul officials, on the subject of overseas workers. It tells how Iraqi authorities, impressed by the night work of South Koreans at Khawrsharh in Iran, gave a \$210-million contract to a South Korean firm despite the fact that Iraq has no diplomatic relations with South Korea.

This overseas migration of skilled workers hired not only by South Korean firms but also by foreign contractors has, however, backfired.

Because of an acute shortage of trained manpower at home, Seoul has banned, effective this month, the hiring of South Korean workers for employment with foreign firms overseas.

Another indirect effect of this drain was the government's authorization to bus companies in Pusan to give a huge 70-percent wage increase to their bus drivers and female bus guides. The drivers now get \$600 a month and the women \$300.

The reason for this was that some 3,000 South Korean bus drivers had found employment in Saudi Arabia and Kuwait, where wages were higher than at home.

Wages for textile factory workers ranged until a few months ago from \$55 a month for female beginners to \$65 for regular female workers. Male workers earned \$112.

In comparison, the average monthly salary for a college graduate with a white collar job is \$422....

At the bottom of the scale are young girls, some only 12 or 13 years old, who sit on hard wooden benches in dimly lit cubicles endlessly churning out shirt collars and cuffs for a few cents an hour.

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Government Uses Subtler Tactics to Curb Dissidents

(Continued from Page 1)

do you think the present government would be returned to office?

A—That's a hypothetical question and there's no sense dealing with the hypothetical—though I do have my own views. Of all the constitutional freedoms, freedom of speech is the most basic of all. Without it, other freedoms are meaningless. There is only one place where dissidents can gather, and that is in the building of the National Christian Council in Seoul. People meet there every Friday. It's the only oasis where it is possible to find out who has been arrested, how a certain trial is going, who has been released and to issue appeals.

Q—The government recently seems to have toned down its handling of dissidents. Do you agree?

A—Yes, that seems to be trend. Before, arrest resulted from saying anything even slightly critical, but nowadays, most people seem to be released after overnight questioning at most. The authorities are strict against criticism by younger people, but when someone my age (52) says something, little happens any more. The authorities know that the largest audience I can expect is around 500, and even if each of these went out and contacted, say,

another five persons, that's still fewer than 3,000. In other words, the authorities know that our audience is very limited.

There was also the case last April 19 when between 200 and 300 dissidents assembled on the anniversary of the revolution that overthrew [former President] Syngman Rhee. After the assembly, they began a demonstration march, and one woman took out a banner from her pocket and held it up with her hands. She hadn't advanced more than one meter before a plainclothesman went up to her and took it away. Then another demonstrator did the same, with the same result. There must have been about

10 who did this. Then, after the demonstrators had marched for about 1,000 meters, police trucks rounded them up and drove them away. But after driving a while, the trucks stopped by the roadside and released everyone.

However, I don't interpret this as a sign that the government is softening. Rather, the government realized that failure to release the demonstrators would have brought on bad publicity.

Q—Are there many dissident organizations?

A—We have organized many, but all are forced to disband after a few months. Organization leaders are followed everywhere by plain-

...Of all the constitutional freedoms, freedom of speech is the most basic of all. Without it, other freedoms are meaningless. There is only one place where dissidents can gather, and that is in the building of the National Christian Council in Seoul. People meet there every Friday...

Foreign Policy Issues Dominate

(Continued from Page 1)

followers. It has been suggested that the North might try something desperate now, before the South's economic success catapults Seoul to military self-sufficiency. While this argument can be bolstered with evidence of recent tunnel digging under the DMZ by the North and of a never-ending stream of incursions, it is generally conceded that Pyongyang is not likely to go ahead with any military moves against the South without backing from either Peking or Moscow, or both.

Forced Landing In 1975, immediately after the United States abandoned Saigon, President Kim visited Peking with the apparent intention of asking for Chinese backing for an invasion of the South. The Chinese are said to have been cool to the idea.

In the meantime, Seoul has been carefully cultivating Socialist bloc countries. Last year alone, the nation carried on a quarter of a billion dollars' worth of trade with Warsaw Pact nations through third parties. Exchanges of scientific and cultural materials have been going on for several years, and South Korean delegates have been allowed to attend functions in Soviet cities.

The recent improvement in Seoul's relations with these countries, some observers feel, no doubt induced the Soviets to deal more mildly than they might have with the passengers and crew of a Korean Airlines jet that Soviet fighters forced to land on a frozen lake near Murmansk.

Although two passengers died and others were injured by Soviet cannon fire, the passengers and most of the crew were released within 48 hours, while the pilot and navigator were freed a week later.

The overflight by the Korean airliner, apparently due to navigational error, took place only weeks after authorities in Seoul announced intentions to engage in negotiations with Socialist bloc nations for commercial air rights.

Third World

Seoul's relations with Tokyo were also improved by the ratifying of the Japanese Diet (parliament) of a long delayed agreement on the development of the continental shelf. The document draws the lines for oil exploration rights in the offshore areas in the seas between the two countries.

South Korea's policy toward the Third World is progressing with an exchange of visits with dignitaries

from developing countries. The diplomatic offensive is aimed at a scheduled debate in the United Nations General Assembly next September on Korean admission into the world body. North Korea has been carrying on a rival campaign. Seoul's intention is to have the North and South admitted as two countries while Pyongyang is denouncing Seoul as perpetuating a two-Korea policy.

Domestic Issues

Such foreign policy issues have been prominent in domestic Korean politics this past year; and the strains in relations between Seoul and Washington have monopolized the headlines. Among the more domestic political issues has been the release from prison of a number of prominent opponents to President Park's rule, including those who signed a celebrated manifesto on March 3, 1976, at Seoul's Myeongdong Cathedral. The only member of the "Myeongdong 18" still to remain in custody is former presidential candidate Kim Dae Jung, who is under guard in a room at a Seoul hospital.

Elections under the new Yushu constitution are expected to be held later this year. The president will be chosen indirectly by an assembly filled two-thirds by elected representatives.

ing Peking that he would lead an attempt at armed reunification of Korea.

Admittedly, there have been some incidents in the past of ill-treatment of the dissidents, but these have been corrected. Contrary to the claims of some unfriendly foreigners, there are now no arbitrary arrests, detentions or torture in Korea.

The distortion of the human rights issue in Korea originates from a minority of dissidents who became extremely vocal against the present system after they lost in a power struggle in the Korean political process.

The question of human rights in Korea is not one of definition or of how to legally guarantee full rights, but one of how to maximize rights under the present circumstances, or of how to regain rights without risking national security and social stability needed for progress.

An overwhelming majority of people in Korea exercise fundamental rights without interference

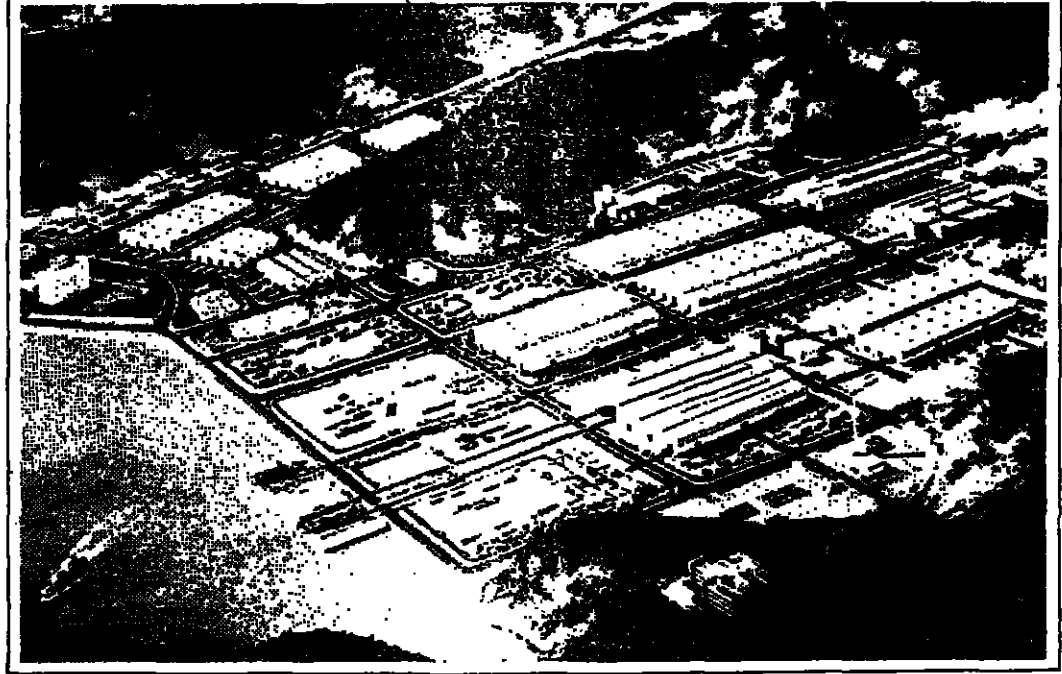
from anyone, but some political dissent is curtailed, based on emergency Decree No. 9, for example, was to strengthen national unity by enforcing a temporary ban on all anti-government political activities in the wake of the North Vietnamese military conquest of South Vietnam and the bellicose threats voiced by Kim Il Sung while visit-

clothesmen. Under the circumstances, it's impossible to remain active. Besides, dissident groups have no money.

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Restrictions on Civil Rights Are Necessary

(Continued from Page 1)

how that these measures are temporary.

There is no doubt that the rights South Koreans are now limited compared to those in more stable societies that have no immediate problems of security and development. At this stage of national development, the people are willing to accept this limitation in the knowledge that there will be greater freedom in the future.

Legal Theories

Even internationally accepted theories accept that human rights can be limited where there is fear and present danger. If a nation can afford the luxury of a wider margin of error in its decision-making process, perhaps it might be possible to enjoy full human rights under any circumstances, however, if a country is under pressure for its very survival, the situation is obviously different.

The distortion of the human rights issue in Korea originates from a minority of dissidents who became extremely vocal against the present system after they lost in a power struggle in the Korean political process.

The question of human rights in Korea is not one of definition or of how to legally guarantee full rights, but one of how to maximize rights under the present circumstances, or of how to regain rights without risking national security and social stability needed for progress.

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